

THE EXCHANGE HAS NEITHER APPROVED NOR DISAPPROVED THE INFORMATION CONTAINED IN THIS FILING STATEMENT, WHICH IS A REPRODUCTION OF THE ORIGINAL FILED WITH THE EXCHANGE BY THE COMPANY AND IS ISSUED FOR INFORMATION PURPOSES ONLY. THIS FILING STATEMENT IS NOT TO BE REPRODUCED IN WHOLE OR IN PART WITHOUT THE WRITTEN APPROVAL OF THE TORONTO STOCK EXCHANGE.

THE TORONTO STOCK EXCHANGE

24/10/68

FILING STATEMENT NO. 1654.
FILED, OCTOBER 25th, 1968.

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CANADIAN INDUSTRIAL GAS & OIL LTD.

Full corporate name of Company

A company incorporated under the laws of the Province of Alberta on March 8, 1965.

Particulars of incorporation (e.g., Incorporated under Part IV of the Corporations Act, 1953 (Ontario) by Letters Patent dated May 1st, 1957).

FILING STATEMENT

(To be filed with respect to any material change in a company's affairs, including among other things, an underwriting and option agreement, an issue of shares for property and a proposed re-organization.)

1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed.	<p>The sale by Northern and Central Gas Corporation Limited ("Northern and Central") of up to 500,000 issued common shares of the Company comprising part of 4,870,843 common shares of the Company presently owned by Northern and Central through the facilities of the Toronto Stock Exchange pursuant to a ruling by the Ontario Securities Commission that the sale of such shares shall be deemed not to be a primary distribution to the public.</p> <p>During the period of the offering the offeror may make bids or purchases for the purpose of stabilizing the open market price of the shares as permitted by Ruling No. 81 of the Exchange and will comply with by-laws, rulings and regulations of the Exchange pertaining to orderly marketing of the shares.</p>																																												
2. Head office address and any other office address.	640 - 8th Avenue S.W., Calgary, Alberta.																																												
3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.	See Schedule "A" on pages 3 and 4.																																												
4. Share capitalization showing authorized and issued and outstanding capital.	<p>As at October 9th, 1968:</p> <table><tr><td></td><td><u>Authorized</u></td><td><u>Issued</u></td></tr><tr><td>5 1/4% Cumulative Redeemable Convertible Voting Preferred Shares</td><td>394,752</td><td>353,517</td></tr><tr><td>Common shares</td><td>6,084,198</td><td>5,484,011</td></tr></table>				<u>Authorized</u>	<u>Issued</u>	5 1/4% Cumulative Redeemable Convertible Voting Preferred Shares	394,752	353,517	Common shares	6,084,198	5,484,011																																	
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5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	<p>CONSOLIDATED STATEMENT OF LONG TERM DEBT AS AT AUGUST 31, 1968 - UNAUDITED</p> <table><tr><td></td><td><u>Month end Total Outstanding</u></td><td><u>Current Portion</u></td></tr><tr><td>Bank Production Loans -</td><td></td><td></td></tr><tr><td> Canadian Imperial Bank of Commerce</td><td>\$ 534,000</td><td>\$ 792,000</td></tr><tr><td> The Royal Bank of Canada</td><td><u>5,300,000</u></td><td><u>1,200,000</u></td></tr><tr><td></td><td>\$ 5,834,000</td><td>\$1,992,000</td></tr><tr><td>Other</td><td></td><td></td></tr><tr><td> 5-7/8% First Mortgage Sinking Fund Bonds, due February 1, 1983</td><td>\$11,495,055</td><td>\$ 350,187</td></tr><tr><td> Interest free purchase agreement</td><td>181,600</td><td>63,000</td></tr><tr><td> 6% Secured debenture repayable - \$19,500 quarterly</td><td>97,000</td><td>78,000</td></tr><tr><td> 6% Note repayable \$6,000 quarterly</td><td>74,898</td><td>24,000</td></tr><tr><td> 6% Note repayable \$200 monthly</td><td>11,600</td><td>2,400</td></tr><tr><td> Other</td><td><u>(5,265)</u></td><td><u>-</u></td></tr><tr><td></td><td><u>\$11,854,888</u></td><td><u>\$ 517,587</u></td></tr><tr><td></td><td>\$17,688,888</td><td>\$2,509,587</td></tr></table>				<u>Month end Total Outstanding</u>	<u>Current Portion</u>	Bank Production Loans -			Canadian Imperial Bank of Commerce	\$ 534,000	\$ 792,000	The Royal Bank of Canada	<u>5,300,000</u>	<u>1,200,000</u>		\$ 5,834,000	\$1,992,000	Other			5-7/8% First Mortgage Sinking Fund Bonds, due February 1, 1983	\$11,495,055	\$ 350,187	Interest free purchase agreement	181,600	63,000	6% Secured debenture repayable - \$19,500 quarterly	97,000	78,000	6% Note repayable \$6,000 quarterly	74,898	24,000	6% Note repayable \$200 monthly	11,600	2,400	Other	<u>(5,265)</u>	<u>-</u>		<u>\$11,854,888</u>	<u>\$ 517,587</u>		\$17,688,888	\$2,509,587
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<p>details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.</p>	<p>As at October 9, 1968, 133,100 unissued common shares were subject to issuance pursuant to employee share purchase options at \$10 per share exercisable as to 23,300 shares from time to time to August 1, 1970, as to 91,300 shares from time to time to October 12, 1972, and as to 18,500 shares from time to time to October 26, 1973.</p> <p>The preferred shares are convertible into common shares until July 1, 1973 at the rate of four common shares for five preferred shares.</p>
<p>7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof.</p>	<p>None other than the holders of the share purchase options and the preferred shares referred to in item 6 hereof.</p>
<p>8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.</p>	<p>Not applicable.</p>
<p>9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any.</p>	<p>See Schedule "B" on pages 5,6, and 7.</p>
<p>10. Brief statement of company's chief development work during past year.</p>	<p>See Schedule "B" on pages 5,6 and 7.</p>
<p>11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.</p>	<p>Not applicable.</p>
<p>12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.</p>	<p>Not applicable.</p>
<p>13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement.</p>	<p>Not applicable.</p>
<p>14. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)</p>	<p>Not applicable.</p>
<p>15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.</p>	<p>Northern and Central owns 4,870,843 common shares of the Company.</p>
<p>16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company.</p>	<p>Northern and Central Gas Corporation Limited, 4600 Toronto-Dominion Centre, Toronto 1, Ontario.</p>

SCHEDULE A

Directors

<u>Name and Address</u>	<u>Chief Occupations for the Past Five Years</u>
Herbert C. Andreae, Toronto, Ontario	Director and Vice Chairman of International Trust Company, Toronto, Ontario. Director and President of Andreae Equity Investment Fund Limited, Toronto, Ontario.
Edmund C. Bovey, Toronto, Ontario	Chairman of the Executive Committee of the Company. Director, President and Executive of Northern and Central Gas Corporation Limited, Toronto, Ontario.
C. Spencer Clark, Seattle, Washington, U.S.A.	Director, Chairman of the Board and Executive of Northern and Central Gas Corporation Limited, Toronto, Ontario. Executive of Cascade Natural Gas Company, Seattle, Washington.
Robert B. Craddock, Montreal, Quebec	Director, Chairman of the Board and Chief Executive Officer of Quebec Natural Gas Corporation, Montreal, Quebec. Director, Executive Vice President and Executive of Northern and Central Gas Corporation Limited, Toronto, Ontario.
J. Ian Crookston, Toronto, Ontario	Senior Vice President of Nesbitt, Thomson and Company Limited, Investment Dealers, Toronto, Ontario.
Edward A. Galvin, Calgary, Alberta	President and Chief Executive Officer and Member of the Executive Committee of the Company and chief executive of a predecessor company and of Canadian Industrial Gas Limited. Director and Executive Vice President of Northern and Central Gas Corporation Limited, Toronto, Ontario.
Richey B. Love, Calgary, Alberta	Member of the Executive Committee of the Company. Partner with Macleod, Dixon, Burns and Company, Barristers and Solicitors, Calgary, Alberta.
Arthur Mackwell, Glen Rock, New Jersey, U.S.A.	From 1967 Retail Consultant to the President, National Bellas Hess Corporation, a mail order merchandising company, Kansas City, Mo. From 1955 to 1967 a Sales Consultant.
Peter N. Thomson, Montreal, Quebec.	Director and Deputy Chairman of the Board of Power Corporation of Canada, Limited, Montreal, Quebec and prior to May 16, 1968 Chairman of the Board of Power Corporation of Canada, Limited.
John R. Yarnell, Montreal, Quebec	From 1966 Vice President of Consolidated-Bathurst Limited, Pulp and Paper Company, Montreal, Quebec. From 1964 to 1966 Director, President and Chairman of Inspiration Limited, General Contractors, Montreal, Quebec. From 1952 to 1964 an officer of The British American Oil Company, Limited, Calgary, Alberta and Toronto, Ontario.

Officers

<u>Name and Address</u>	<u>Chief Occupations for the Past Five Years</u>
Edward A. Galvin, Calgary, Alberta	President and Chief Executive Officer and Member of the Executive Committee of the Company and chief executive of a predecessor company and of Canadian Industrial Gas Limited. Director and Executive Vice President of Northern and Central Gas Corporation Limited, Toronto, Ontario.
Edmund C. Bovey, Toronto, Ontario	Chairman of the Executive Committee of the Company. Director, President and Executive of Northern and Central Gas Corporation Limited, Toronto, Ontario.
E. G. Battle, Calgary, Alberta	Executive Vice President of the Company since August, 1966. From 1963 to March, 1965, Vice President of a predecessor company and from March, 1965 to August, 1966 Vice President (Production) of the Company.
Donald D. Barkwell, Calgary, Alberta	Vice President (Production) of the Company since April, 1967, and from 1965 to that date, Manager of Production Operations. From 1963 to 1965, Production Engineer of a predecessor company.
Stewart R. Dyckman, Calgary, Alberta	Vice President (Finance) of the Company since March, 1965. Prior to that an officer of Canadian Industrial Gas Limited.
George T. Hefter, Calgary, Alberta	Vice President (LP Gas Division) of the Company since April, 1965. From 1961 to 1965, an officer of a predecessor company. President of Cigas Products Ltd. since 1961.
W. A. Loucks, Calgary, Alberta	Since March, 1965 Vice President (Exploration) of the Company. Prior thereto Exploration Manager of a predecessor company.
Laurence A. Sills, Calgary, Alberta	Secretary of the Company since April, 1967, and Assistant Secretary from 1965 to that date. From 1963 to 1965 an officer of a predecessor company.
A. Kenneth Davies, Calgary, Alberta	Treasurer of the Company since July, 1967, and Comptroller from 1965 to that date. From 1963 to 1965 Comptroller of a predecessor company.
Russell G. Rennie, Calgary, Alberta	Assistant Secretary of the Company since April, 1967 and an employee from 1965 to that date. From 1963 to 1965 a Branch Manager of Frosted Food Centre Ltd., Brandon, Manitoba.

SCHEDULE B

CANADIAN INDUSTRIAL GAS & OIL LTD.

The Company is the continuing company resulting from the amalgamation under the laws of the Province of Alberta, effective March 8, 1965, of Pamoil Limited, Medallion Petroleums Limited, Medpath Petroleums Ltd., Pathfinder Leaseholds Limited, Alberta Pacific Consolidated Oils, Limited and Mid-Western Industrial Gas Ltd. Also in 1965 the Company took over the business and operations of Canadian Industrial Gas Limited, its former parent company.

In 1966, the Company acquired control of Prairie Oil Royalties Company, Ltd. and Abasand Oils Limited ("Abasand") and at May 15, 1968 owned 77.9% and 100% respectively of the common shares of those companies.

TRANSMISSION AND PLANT FACILITIES

Through five wholly-owned subsidiaries the Company operates a natural gas gathering and transmission system, comprising approximately 276 miles of pipelines, for the purpose of gathering natural gas produced by the Company and others from fields in Alberta and transmitting it to industrial customers in the general Edmonton area. Through two other wholly-owned subsidiaries and in conjunction with its natural gas gathering and transmission system the Company operates two processing plants with a combined rated capacity of 75,000 mcf of natural gas per day for extracting gas liquids which are sold to local refineries.

Construction is proceeding on an expansion to the existing plant at St. Albert, Alberta to provide recoveries of liquefied petroleum gases. Start-up of the expanded plant is planned for the end of October, 1968 and expected daily recoveries from the 20 MMCF of raw gas to be processed are 9,900 Imperial gallons of propane and 6,000 Imperial gallons of butane. The liquefied petroleum gases extracted will be marketed through the Company's subsidiary Cigas Products Ltd.

The Company also owns and operates a 35 mile crude oil pipeline, with a 43 mile gathering system, to transport crude oil produced by the Company and others from the Joarcam field in Alberta to the trunk line system of Interprovincial Pipeline Company at Edmonton.

PRODUCTION

The following table sets forth the net production, after the deduction of all royalties of others, of crude oil and gas liquids, natural gas and sulphur by the Company and its subsidiaries for the periods indicated:

	Crude oil and gas liquids <u>(bbls)</u>	Natural gas <u>(mcf)</u>	Sulphur <u>(long tons)</u>
1965 (March 8 to December 31)	2,057,547	18,201,737	3,996
1966 (Year ended December 31)	2,609,308	24,280,652	4,622
1967 (Year ended December 31)	2,780,483	25,598,500	6,783
1968 (January 1 to August 31)	1,963,516	18,084,843	6,951

In excess of 99% of the production is derived from the four western provinces of Canada.

Through Abasand, the Company owns a gross overriding royalty on bitumen produced from 3,898 leased acres near Fort McMurray, Alberta, which is presently sub-leased to Great Canadian Oil Sands Limited. The royalty payable to Abasand is a minimum of 2½ cents per barrel of bitumen processed.

RESERVES

Total net proven developed reserves (those reserves which can be produced from existing wells or facilities) as at March 31, 1968 of the Company and its subsidiaries, after deducting royalty interests of others, were estimated as follows:

	Crude oil (bbls)	Natural gas (mmcf)	Gas liquids (bbls)	Sulphur (long tons)
Alberta	19,081,135	532,014	3,542,755	244,876
Saskatchewan	4,741,458	2,845	-	-
Manitoba	57,227	-	-	-
British Columbia	4,586,857	60,962	-	-
Ontario	-	9,721	-	-
United States	24,225	-	-	-
Royalty Interests	9,737,399	8,000	-	-
Totals	38,228,301	613,542	3,542,755	244,876

Total net probable reserves (those reserves commercially recoverable as a result of the beneficial effects of future institution of secondary recovery methods or future improvements in existing recovery facilities) as of March 31, 1968 of the Company and its subsidiaries, after deducting royalty interests of others, were estimated as follows:

	Crude oil (bbls)	Natural gas (mmcf)
Alberta	6,197,389	2,788
Saskatchewan	828,336	813
British Columbia	1,511,030	-
Ontario	-	9,200
Totals	8,536,755	12,801

EXPLORATION AND DEVELOPMENT

The Company directly and through its subsidiaries is carrying on an active exploration and development programme. The areas in Alberta which are presently receiving particular attention include Glenevis, Cherhill, Little Bow and Whitecourt. In the Glenevis area in recent months it has participated in the drilling of four oil wells. Additional exploration drilling is underway. In British Columbia the Company is actively exploring in the Nig Creek and northeast Peejay areas and has recently participated in seismic programmes in two other areas in partnership with other companies.

The Company has recently acquired substantial acreage holdings in several far northern areas including 174,080 acres on the North Slope of Alaska south of Prudhoe Bay, and 46,080 acres in the northwest corner of Alaska, also on the North Slope some

400 miles west of Prudhoe Bay. In the Arctic Islands the Company has acquired Permits totalling 1,189,957 acres. These lands are scattered along the southern fringes of the Sverdrup Basin from Northwest Melville to near Cornwall Island. Also in the Canadian north the Company has filed on 376,000 acres in the northeastern part of the Beaufort Sea. Another large recent land acquisition was in Hudson Bay where the Company acquired 1,404,688 acres.

In the North Sea drilling by Gulf has established the presence of a sizable gas accumulation within two miles of one of the Company's 50% owned 64,000 acre blocks. A seismic review has just been completed on this block. Further shooting is contemplated in four other blocks and it is expected that at least one well will be drilled in the coming year.

OTHER MINERAL EXPLORATION

The Company's drilling programme in the Isle of Anglesey continues. Although the Company has had many mechanical difficulties, they are gradually being solved and recent encouraging results in the north copper zone will probably mean that the programme will continue into next year.

In the Uranium City area the Company has now acquired either through option or staking, more than 1,050 claims. These are located north west of Uranium City in an area in which silver and copper discoveries have recently been made by other companies.

LIQUEFIED PETROLEUM GAS DIVISION

Through a wholly owned subsidiary, Cigas Products Ltd. ("Cigas") the Company sells liquefied petroleum gases at wholesale and retail levels, and distributes customer storage tanks, appliances and equipment in the four western provinces. In 1967 sales of liquefied petroleum gases totalled 37,600,000 gallons compared with 35,610,000 gallons in 1966 and 24,790,000 gallons in 1965. A similar operation is carried in the states of Washington and Oregon by an associated company in which Cigas owns a 50% interest. In 1967 sales from this operation totalled 12,250,000 U.S. gallons compared with 10,000,000 U.S. gallons in 1966 and 6,700,000 U.S. gallons in 1965.

FINANCIAL STATEMENTS

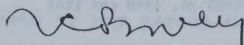
CANADIAN INDUSTRIAL GAS & OIL LTD.
AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET AS AT
AUGUST 31, 1968 - UNAUDITED

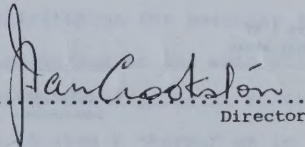
ASSETS

CURRENT	
Cash	\$ 167,958
Short-term deposits	740,000
Accounts and notes receivable	3,166,556
Inventories of merchandise and supplies at cost	843,772
Prepaid expenses and deposits	358,070
Total Current Assets	\$ 5,276,356
INVESTMENTS	
Affiliated companies - shares at cost and advances	\$ 820,411
Other companies at cost -	
Note receivable	287,375
Shares	2,369,231
	\$ 3,477,017
PROPERTY, PLANT AND EQUIPMENT AT COST	
Oil and gas properties and equipment	\$60,406,559
Oil and gas production equipment	10,155,850
Pipelines and processing plants	10,062,961
Propane marketing equipment	9,057,669
	\$89,683,039
Accumulated depletion	17,959,305
Accumulated depreciation	13,411,457
	\$31,370,762
	\$58,312,277
OTHER ASSETS	\$ 291,886
Total Assets	\$67,357,536

Approved on behalf of the Board



Director



Director

LIABILITIES

CURRENT	
Bank loan of a subsidiary	\$ 40,000
Accounts payable and accrued charges	2,115,991
Due to parent company	11,325
Accrued interest payable	57,991
Current maturities on long term debt	2,509,587
Total Current Liabilities	\$ 4,735,394
LONG TERM DEBT	\$15,179,301
DEFERRED RENTAL INCOME	\$ 456,410
MINORITY INTEREST IN SUBSIDIARY COMPANY	\$ 1,166,585
SHAREHOLDERS' EQUITY	
Capital -	
Authorized:	
396,587	5-1/2% cumulative redeemable convertible preferred shares, par value \$10 each
6,082,730	common shares without par value
Issued:	
355,352	preferred shares
5,422,543	common shares
Paid-in surplus	1,365,399
Retained earnings	22,599,720
	\$45,819,846
Total Liabilities	\$67,357,536

CANADIAN INDUSTRIAL GAS & OIL LTD.
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME
EIGHT MONTHS ENDED AUGUST 31, 1968 and 1967
(Unaudited)

	1968	1967
Sales, Service and Other Operating Income	\$ 15,152,080	\$ 13,449,533
Deduct:-		
Gas and merchandise purchased	3,666,305	3,353,231
Selling, operating and administrative expenses	3,906,716	3,513,955
Interest on bank loans and other long-term debt	848,286	640,658
	<u>8,421,307</u>	<u>7,507,844</u>
Income Before the Following	<u>6,730,773</u>	<u>5,941,689</u>
Deduct:-		
Provision for depletion	1,635,337	1,228,603
Provision for depreciation	1,148,510	1,048,888
Minority interest in income of subsidiary	65,345	70,959
	<u>2,849,192</u>	<u>2,348,450</u>
Net Income	3,881,581	3,593,239
Special Credits		
Gain on disposal of investments	-	231,387
Gain on disposal of fixed assets	112,000	93,676
Net Income and Special Credits	<u>\$ 3,993,581</u>	<u>\$ 3,918,302</u>

CONSOLIDATED STATEMENT OF RETAINED EARNINGS
EIGHT MONTHS ENDED AUGUST 31, 1968 and 1967
(Unaudited)

Balance at Beginning of Period	\$ 18,713,294	\$ 12,678,973
Add:-		
Equity in retained earnings at January 1 of subsidiary resulting from additional share acquisitions	-	102,896
Net income and special credits	<u>3,993,581</u>	<u>3,918,302</u>
	22,706,875	16,700,171
Less:-		
Dividends on preferred shares	<u>107,155</u>	<u>109,856</u>
Balance at End of Period	<u>\$ 22,599,720</u>	<u>\$ 16,590,315</u>

CONSOLIDATED STATEMENT OF PAID IN SURPLUS
EIGHT MONTHS ENDED AUGUST 31, 1968 and 1967
(Unaudited)

Balance at Beginning of Period	\$ 1,365,399	\$ 1,374,489
Add:-		
Equity in paid-in surplus at January 1 of subsidiary resulting from additional share acquisitions	-	14,101
Balance at End of Period	<u>\$ 1,365,399</u>	<u>\$ 1,388,590</u>

CANADIAN INDUSTRIAL GAS & OIL LTD.
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS
EIGHT MONTHS ENDED AUGUST 31, 1968 and 1967
(Unaudited)

	1968	1967
SOURCE OF FUNDS		
Net Income and Special Credits	\$ 3,993,581	\$ 3,918,302
Non-cash items	<u>2,683,800</u>	<u>2,023,387</u>
	6,677,381	5,941,689
Sale of investments in other companies - net	54,153	470,792
Sale of properties, plant and equipment	520,855	572,972
Issue of common shares for cash	264,000	10,000
Increase in deferred income	<u>3,330</u>	<u>-</u>
	<u>7,519,719</u>	<u>6,995,453</u>
APPLICATION OF FUNDS		
Additional investment in subsidiary company	-	41,269
Reduction of long-term debt	3,351,831	880,909
Dividends on preferred shares	107,155	109,856
Reduction in deferred income	-	1,791
Additions to - oil and gas properties and equipment	3,098,013	4,424,045
- propane marketing equipment	<u>664,704</u>	<u>468,684</u>
	<u>7,221,703</u>	<u>5,926,555</u>
Increase in Working Capital During the Period	<u>\$ 298,016</u>	<u>\$ 1,068,898</u>

17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.

INVESTMENTS AS AT AUGUST 31, 1968 (OTHER THAN IN SUBSIDIARIES WHICH HAVE BEEN CONSOLIDATED IN THE BALANCE SHEET DELIVERED HEREWITH)

Affiliated companies - shares, debentures and advances		\$320,411
50% owned - Ajax West Leaseholds		
Costal Propane		
Suburban Propane		
Western Propane		
Notes Receivable -		
Okalta Oils Limited (Par Value \$325,000)		287,375
Other investments -		
	Approx. Market Value	Cost
British Columbia Oil		
Lands 333,531 shs.	2,335,000	2,009,117
Okalta Oils Limited		
3,298,459 shs.	824,600	128,640
Ionarc Smelters Ltd. (NPL)		
20,000 shs.		50,000
Miscellaneous		181,474
		2,369,231
		<u>\$3,477,017</u>

18. Brief statement of any lawsuits pending or in process against company or its properties.

There are none which could have a material adverse effect on the Company.

19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing.

The Company is a party to various material contracts entered into in the course of carrying on the business described in Schedule C hereto.

20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.

There are no shares of the Company which are in the course of primary distribution to the public with the exception of the 500,000 common shares in respect of which the filing statement which this schedule forms a part of is filed. The said filing statement is not to be construed as a prospectus or as a report by or on behalf of the Company or any signatory thereto or any person for the purpose of inducing any person to purchase shares of the Company or to constitute an offer or solicitation for purchase in respect of any such shares. The signatories to the said filing statement consider that there are no other material facts in respect of the matters referred to in item 1 thereof or in respect of the Company's affairs not disclosed by the said filing statement and other information filed therewith.

CERTIFICATE OF THE COMPANY

DATED October 22, 1968

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

"J.I. Crookston"

"E.C. Bovey"

J.I. Crookston CORPORATE
SEAL
DIRECTOR

CERTIFICATE OF UNDERWRITER OR OPTIONEE

E.C. Bovey Director and Chairman of
the Executive Committee

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)

This Listing Statement is compiled by the Exchange from documents filed by the Company in making application for listing. It is issued for the information of members, member firms and member corporations of the Exchange. It is not and is not to be construed as a prospectus. The Exchange has received no consideration in connection with the issue of this Listing Statement other than the customary listing fee. The documents referred to above are open for inspection at the general office of the Exchange.

LISTING STATEMENT No. 2213

LISTED JUNE 1, 1965

458,765 5½% cumulative redeemable convertible voting preferred shares
Ticker abbreviation "CIGO PR"
Dial ticker number 1845
Post section 10

LISTED MARCH 11, 1965

4,889,518 common shares without par value, of which 524,212 are subject to issuance
Ticker abbreviation "CIGO"
Dial ticker number 2000
Post section 8.5

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

CANADIAN INDUSTRIAL GAS & OIL LTD.

Incorporated under the laws of the Province of Alberta
by Certificate of Amalgamation dated March 8, 1965

CAPITALIZATION AS AT MAY 31, 1965

SHARE CAPITAL	AUTHORIZED	ISSUED AND OUTSTANDING	TO BE LISTED
5½% cumulative redeemable convertible voting preferred shares with a par value of \$10.00 each	500,000	458,765	458,765
Common shares without par value	6,000,000	4,365,306	4,889,518
* of which 524,212 are subject to issuance.			
FUNDED DEBT	\$14,260,216	\$14,260,216	

1. APPLICATION

CANADIAN INDUSTRIAL GAS & OIL LTD. (hereinafter called the "Company") hereby makes application for the listing on The Toronto Stock Exchange of 458,765 5½% cumulative redeemable convertible preferred shares with a par value of \$10.00 each and 4,889,518 common shares without par value (of which 524,212 are to be listed subject to issuance), such 458,765 5½% cumulative redeemable convertible preferred shares and 4,365,306 of such common shares having been issued and being outstanding as fully paid and non-assessable. Reference is hereby made to Information sent to shareholders (herein called the "Information") attached hereto.

The 524,212 common shares have been reserved as follows:

For issue upon conversion of outstanding convertible preferred shares	367,012
Employees stock option	157,200

2. HISTORY

On July 10, 1964 Canadian Industrial Gas Limited (hereinafter called "C.I.G.") made exchange offers to the shareholders of Medallion Petroleum Limited, Calgary, Alberta ("Medallion"), Mid-Western Industrial Gas Ltd., Edmonton, Alberta ("Mid-Western") and Pamoil Limited, Calgary, Alberta ("Pamoil"). These exchange offers were on the basis of 1 common share of C.I.G. for 2 shares of Medallion, 1 common share of C.I.G. for 3 shares of Mid-Western and 1 common share of C.I.G. for 15 shares of Pamoil. At the conclusion of the exchange offers, taking into account the acquisitions of the shares resulting therefrom, C.I.G. owned 88.3% of the outstanding shares of Medallion, 89.76% of the outstanding shares of Mid-Western and 83.15% of the outstanding shares of Pamoil. Mid-Western and Pamoil were amalgamated, together with certain wholly and majority owned subsidiaries of Medallion, into a new corporation under the name of Canadian Industrial Gas & Oil Ltd. The Certificate of Amalgamation is dated March 8, 1965.

On May 12, 1965 at least three-fourths of the common and at least three-fourths of the preference shareholders of C.I.G. authorized the sale and transfer by C.I.G. to the Company of the whole C.I.G.'s undertaking, assets, property and goodwill (other than shares in the Company presently owned by C.I.G.) in exchange for preferred shares and additional common shares of the Company plus \$5,000,000 in cash,

and the assumption by the Company of the obligations and liabilities of C.I.G. (except bank debt of \$5,000,000). This Arrangement was entered into for the purpose of integrating the bulk of oil and gas operations of C.I.G. into a single corporation and simplifying its corporate structure.

3.

NATURE OF BUSINESS

The Company in taking over the operations of C.I.G. is engaged directly or indirectly through subsidiaries in the business of exploring for, acquiring and developing oil and gas reserves, and the production and sale of natural gas, associated products and crude oil in the Provinces of Alberta, British Columbia, Saskatchewan and Manitoba, in the Northwest Territories, in the States of Ohio and Texas and in the North Sea adjacent to the east coast of England. It owns and operates in Alberta several gas pipelines, two natural gasoline extraction plants and an oil pipeline.

In addition to the operations carried on directly by the Company in the areas described above, the Company has an indirect interest in exploring for, acquiring and developing oil and gas reserves, and the production and sale of crude oil, natural gas and associated products through the companies set forth in the following table:

COMPANY	OWNED BY	PERCENT OWNED	INCORPORATED	AREA OF OPERATIONS
Ajax West Leaseholds Incorporated	The Company	100	Delaware	Ohio
Alsa Holdings Limited	New Concord Development Corporation Limited	100	Ontario	Alberta & Saskatchewan
Canadian Industrial Gas Processors Ltd.	The Company	100	Alberta	Alberta
Canadian Industrial Gas Transmission Ltd.	The Company	100	Alberta	Alberta
Canadian Industrial Gas (U.K.) Limited	The Company	100	U.K.	North Sea
Cigas Products Ltd.	The Company	100	Alberta	Alberta, Saskatchewan, British Columbia and Manitoba
Gas & Oil Exploration Company	Gas Exploration Company of Alberta	100	Texas	Texas
Gas Exploration Company of Alberta	The Company	100	Delaware	Texas
Industrial Propane Ltd.	Cigas Products Ltd.	100	British Columbia	British Columbia
Industrial Propane (Vancouver Island) Limited	Industrial Propane Ltd.	100	British Columbia	British Columbia
Mid-Western Industrial Pipelines Ltd.	The Company	100	Alberta	Alberta
Mid-Western Industrial Pipelines (Redwater) Ltd.	The Company	100	Alberta	Alberta
Mid-Western Industrial Pipelines (Wabamun) Ltd.	The Company	100	Alberta	Alberta
Mid-Western Industrial Processors Ltd.	The Company	100	Alberta	Alberta
New Concord Development Corporation Limited	Okalta Oils, Limited	55	Ontario	Alberta and Saskatchewan
Northern Gas Ltd.	The Company	100	British Columbia	British Columbia
Okalta Oils, Limited	The Company	47	Dominion of Canada	Alberta and Saskatchewan
Prairie Gas Ltd.	The Company	100	Saskatchewan	Saskatchewan & Manitoba
Quebec Industrial Gas Ltd. (No Personal Liability)	The Company	100	Quebec	Quebec
Reliable Propane Ltd.	The Company	100	British Columbia	British Columbia & Alberta
Western Propane Ltd.	The Company	100	British Columbia	British Columbia

4.

INCORPORATION

The Company is a continuing corporation deemed to be incorporated under the laws of the Province of Alberta, and results from an amalgamation, effective March 8, 1965, of the following Alberta corporations:

Midwestern Industrial Gas Ltd.
Incorporated March 28, 1952 as a public company.

Alberta Pacific Consolidated Oils Limited (Non-Personal Liability).
Incorporated December 31, 1914 as a public company.

Pathfinder Leaseholds Limited.
Incorporated as a private company on October 26, 1951 as Alberta Minerals Limited, on September 25, 1952 changed its name to Pathfinder Leaseholds Limited.

Medpath Petroleums Ltd.
Incorporated as a private company September 25, 1963.

Pamoil Limited.
Incorporated as a public company February 4, 1949 in the name of Kroy Oils Limited, its name being changed to Pamoil Limited on October 9, 1959.

Medallion Petroleum Limited.

Incorporated as a private company on February 4, 1952 as Pathfinder Petroleum Limited, on May 8, 1952 converted from a private to a public company and on September 1, 1956 changed its name to Medallion Petroleum Limited.

5. SHARE ISSUES DURING PAST TEN YEARS

There have been no share issues other than the shares issued as a result of the Agreement of Amalgamation under which the Company was created and the shares issued upon giving effect to the Arrangement with the shareholders of C.I.G. under Section 95 of The Corporations Act (Ontario). Full particulars of the foregoing were previously filed with the Toronto Stock Exchange.

6. STOCK PROVISIONS AND VOTING POWERS

DESCRIPTION OF AMALGAMATED COMMON SHARES

The provisions of the Memorandum of Association of the Company contained in the Agreement of Amalgamation authorize a total common share capital of 6,000,000 common shares without par value, which may be issued for a consideration not in excess of \$50,000,000. As of March 8, 1965, 4,219,413 common shares were outstanding of which 3,667,822 were owned by C.I.G.; 145,893 common shares were reserved for issuance upon the effectuation of the Arrangement; 367,012 common shares are reserved for issuance upon conversion of the 458,765 preferred shares to be issued in accordance with the Arrangement; and 157,200 shares are to be reserved for issuance upon the exercise of employee stock options to be granted in substitution for options heretofore granted by C.I.G. To the extent that preferred shares are converted, the issued number of common shares is increased and the issued number of preferred shares decreased accordingly.

Holders of common shares are entitled to receive such dividends as may be declared by the Board of Directors, to cast one vote for each share owned on all matters submitted to a vote of shareholders, and upon liquidation to share ratably any assets available for distribution to them. Holders of common shares have no preemptive or conversion rights, and such shares are not subject to any further calls or assessments.

No cash dividends have been paid by C.I.G. on its common shares because it has been the policy of C.I.G. to use its earnings to finance expansion. The payment of future dividends by the Company on its common shares in cash or stock will rest within the discretion of the Board of Directors of the Company and will depend, among other things, on earnings, capital requirements, the financial condition of the Company and opportunities for reinvestment.

DESCRIPTION OF AMALGAMATED PREFERRED SHARES

The Memorandum of Association of Amalgamated authorizes the issuance of 500,000 preferred shares with a par value of \$10.00 each. Of the total number of shares authorized, 458,765 preferred shares will be issued to the preference shareholders of C.I.G. upon the consummation of the Arrangement. The Company has no other plans at the present time for the issuance of any additional preferred shares.

Dividend Rights

Holders of the preferred shares will be entitled to receive an annual cumulative cash dividend of 55¢ per share, payable semi-annually on January 1 and July 1, before any cash dividends are paid on the common shares of the Company if, as and when any cash dividends are declared by the Board of Directors of the Company. Dividends on the preferred shares shall accrue and be cumulative from such date or dates as may in the case of each issue be determined by the Board of Directors but not later than 6 months from the respective dates of issue. In addition to these provisions governing dividends on the preferred shares it is specifically provided that the dividend payable on July 1, 1965, if and when declared, shall be 27½¢ per share. If and so long as the Company is in default with respect to any dividends payable on preferred shares, it may not pay any dividends (other than dividends payable in common shares) on its common shares. Subject to the foregoing, holders of common shares are entitled to receive such dividends as may be declared by the Board of Directors of the Company.

Voting Rights

The holders of preferred shares are entitled to one vote per share on all matters upon which shareholders generally have the right to vote, voting together with the common shares as one class except where voting by class is required by The Companies Act of Alberta or by the document of incorporation of the Company. Without the affirmative vote of the holders of at least three-fourths of the preferred shares present or represented by proxy at a separate general meeting of the preferred shareholders of the Company, the Company may not vary any preference, right, condition, restriction, limitation attaching to the preferred shares or create any preferred shares ranking in priority to or on a parity with the preferred shares.

Non-Cumulative Voting

Holders of the preferred shares and the common shares will not have cumulative voting rights, which means that the holders of more than 50% of the preferred shares and common shares voting for the election of directors can elect 100% of the directors, if they choose to do so, and in such event the holders of the remaining less than 50% of the shares voted for the election of directors would not be able to elect any person or persons to the Board of Directors.

Conversion Rights

Each 5 preferred shares will be convertible into 4 full common shares, at the option of the holder thereof at any time up to July 1, 1973. Upon conversion of any preferred shares, no adjustments or payment will be made by the Company with respect to accrued dividends or otherwise except that where such conversion right is exercised after payment of any dividend in common shares of the Company or at the option of the common shareholders in common shares or cash, the preferred shareholder exercising such conversion right shall be entitled to receive such additional number of shares as would have been payable had he exercised such conversion right prior to the record date for the payment of such dividend.

In the event of a subdivision of the common shares into a greater number and/or different class or classes of shares or the consolidation of the common shares into a smaller number and/or a different class or classes of shares before July 1, 1973, the holder of any preferred shares exercising the conversion right attaching thereto shall be entitled to such additional or lesser number and/or different class or classes of shares as would have resulted from such subdivision or consolidation if the right of conversion had been exercised prior to the date thereof.

In the event of any amalgamation or any sale, transfer or distribution of all or substantially all of the Company's assets by way of arrangement or otherwise, with or to any other company before July 1, 1973, there shall be substituted for the common shares issuable upon conversion of the preferred shares such shares, securities or assets which would have been issuable or payable to the holders of such preferred shares if the right of conversion had been exercised prior to the date of such amalgamation, sale, transfer or distribution of assets.

Upon any conversion of preferred shares, the number of authorized and issued preferred shares affected by the conversion will be decreased accordingly and the number of authorized and issued common shares affected by the conversion shall be increased accordingly. No adjustment of the conversion rate will be made by reason of the issuance of common shares for cash, property or services. No fraction of a common share will be issued upon any conversion, but in lieu thereof the converting shareholder shall be issued non-voting and non-dividend bearing, transferable Scrip Certificates. Upon presentation to the Registrar of the common shares of the Company at its principal office in Calgary, Alberta, Canada of bearer Scrip Certificates for fractions that together represent a whole common share, a share certificate representing a whole common share shall be issued in exchange therefor. Such Scrip Certificates shall be issued in such form and be subject to such further terms and conditions as may be authorized by the Board of Directors.

The right of conversion may be exercised at any time prior to 12:00 Noon, Toronto Time, on July 1, 1973. In the event of dissolution, liquidation, winding-up or other distribution of assets to shareholders by way of repayment of capital or otherwise, such right of conversion shall cease and expire at 12:00 Noon, Toronto Time, on the 15th day next preceding the date of such liquidation, dissolution, winding-up or other distribution of assets.

Reissue of Converted Preferred Shares

Preferred shares which have been converted into common shares do not revert back to the Company in any manner, but are truly converted both as authorized and issued preferred shares into common shares.

Preemptive Rights

No holder of preferred shares will be entitled as a matter of right as such holder to subscribe for or purchase any shares, obligations, warrants or other securities of the Company.

Redemption Provisions and Liquidation

Preferred shares may be redeemed in whole or in part by the Company at any time after June 30, 1973 on payment for each share to be redeemed of the amount paid up thereon plus all unpaid cumulative dividends accrued thereon. Not less than 15 days' written notice shall be given of such intention to redeem and dividends on the preferred shares to be redeemed shall cease upon the date fixed for such redemption. In addition, the Company may at any time purchase for cancellation all or any part of the preferred shares in the open market or by tender or otherwise at the lowest price at which, in the opinion of the directors, such shares are obtainable, but not exceeding 120% of the amount paid up thereon plus unpaid dividends which shall have accrued to the date of purchase. In the event of the dissolution, liquidation, winding-up or other distribution of assets of the Company among its shareholders, the holders of the preferred shares of the Company shall be entitled to receive 110% of the amount paid up thereon plus all unpaid cumulative dividends accrued to the date of such distribution, prior to any distribution to the holders of common shares or any other shares of the Company ranking junior to the preferred shares as to assets. There is no sinking fund applicable to the preferred shares. There is no restriction on the repurchase or redemption of the preferred shares by the Company while there is an arrearage in the payment of dividends other than the obligation of the Company to pay unpaid cumulative dividends to the holders of such repurchased or redeemed shares.

7.

DIVIDEND RECORD

The Company has not paid any dividends on the 458,765 preferred shares or the 4,889,518 common shares to be listed. Information as to the dividends paid by the amalgamating companies is set out in the Information.

8.

RECORD OF PROPERTIES

The following tabulation shows interests owned by the Company in unproven properties as at September 30, 1964.

	GROSS ACRES	NET ACRES
Manitoba	480	83
Saskatchewan	34,040	4,490
South Alberta	518,828	211,108
North Alberta	833,284	90,655
British Columbia	1,636,899	126,104
Northwest Territories	574,730	143,683
U.S.A.	60	40

The following tabulation shows the Company's interests in proven oil and gas properties as of September 30, 1964.

CANADIAN INDUSTRIAL GAS LIMITED

NOTICE OF MEETING OF SHAREHOLDERS

May 12th, 1965

NOTICE IS HEREBY GIVEN that a Meeting of the Shareholders of Canadian Industrial Gas Limited (hereinafter called "the Company") will be held at the Royal York Hotel, Toronto, Ontario, Canada, on May 12th, 1965 at 10:00 o'clock in the forenoon (Toronto Time) for the following purposes:

1. To consider, and, if thought fit to enact the Resolution set forth in the attached Proxy Statement approving and agreeing to an Arrangement between the Company and its shareholders pursuant to Section 95 of The Corporations Act (Ontario) and in connection therewith an Agreement between the Company and its majority-owned subsidiary, Canadian Industrial Gas & Oil Ltd., copies of which Agreement and Arrangement are set forth in Exhibit A to the attached Proxy Statement.
2. To transact any other business which may properly come before the Meeting, or any adjournment or adjournments thereof.

The Board of Directors has fixed the close of business on April 2nd, 1965 as the record date for the determination of shareholders entitled to notice of, and to vote at, the said Meeting, or any adjournment thereof. The transfer books will not be closed. Shareholders who do not expect to attend the Meeting in person are requested to complete, sign and mail the enclosed proxy in the stamped, self-addressed envelope provided.

By Order of the Board of Directors

Calgary, Alberta, Canada
April 19th, 1965.

BRIAN GORE,
Secretary.

PROXY STATEMENT

This statement is furnished in connection with the solicitation by the Management of Canadian Industrial Gas Limited (hereinafter sometimes called "the Company" or "C.I.G.") of proxies to be voted at the Meeting of Shareholders of the Company to be held on May 12th, 1965 for the purposes set forth in the accompanying Notice of the said meeting.

VOTING

As of April 2nd, 1965, the record date for the determination of shareholders entitled to notice of, and to vote at, the Meeting, there were outstanding 3,813,715 common shares without par value and 458,765 preference shares entitled to be voted at the Meeting on all matters to come before the Meeting. In each case each share of either type of stock is entitled to one vote, voting separately by class. Shareholders who execute proxies may revoke them at any time before they are exercised.

A quorum at a Meeting of Shareholders of the Company consists of not less than three shareholders present in person holding or representing by proxy not less than one-fifth of the issued and outstanding shares of the Company. The affirmative vote of the holders of three-fourths of the shares of each class of the Company present or represented at the Meeting is required for the adoption of the Resolution.

RESOLUTION TO APPROVE ARRANGEMENT

RESOLVED, that

1. The Arrangement between the Company and its shareholders dated the 12th day of March, 1965, and in connection therewith the Agreement between the Company and its majority-owned subsidiary, Canadian Industrial Gas & Oil Ltd. dated the 12th day of March, 1965 referred to in the Notice summoning this Meeting and submitted to this Meeting be and the same are hereby approved, ratified and confirmed without variation.

2. The Company be and it is hereby authorized to make application to His Honor the Lieutenant-Governor of the Province of Ontario for Supplementary Letters Patent confirming the said Arrangement in accordance with the provision of Section 95 of The Corporations Act (Ontario) and for an order accepting the surrender of the Charter of the Company.

3. The directors and officers be and are hereby authorized to do, sign and execute all things, deeds and documents necessary or desirable for the due carrying out of the foregoing.

PURPOSE OF THE ARRANGEMENT

On July 10th, 1964 the Company made exchange offers to the shareholders of Medallion Petroleum Limited, Calgary, Alberta ("Medallion"), Mid-Western Industrial Gas Ltd., Edmonton, Alberta ("Mid-Western") and Pamoil Limited, Calgary, Alberta ("Pamoil"). These exchange offers were on the basis of 1 Common share of C.I.G. for 2 shares of Medallion, 1 Common share of C.I.G. for 3 shares of Mid-Western and 1 Common share of C.I.G. for 15 shares of Pamoil. At the conclusion of the exchange offers, taking into account the acquisitions of shares resulting therefrom, the Company owned 88.38% of the outstanding shares of Medallion, 89.76% of the outstanding shares of Mid-Western and 83.15% of the outstanding shares of Pamoil. Prior to the making of such exchange offers, the Company informed its shareholders that if the offers were successful the Company intended to integrate and unify the operations and managements of the respective companies. With the exception of the liquefied petroleum gas operations of C.I.G. (which contributed 15.65% of the consolidated net profit of C.I.G. for the year 1964), the basic operations of each of these companies are common to those of one or more of the others. In view of the success of the exchange offers, the Company has taken the necessary steps to cause Medallion, Mid-Western and Pamoil to be amalgamated, together with certain wholly and majority-owned subsidiaries of Medallion, into a new corporation under the laws of Alberta under the name Canadian Industrial Gas & Oil Ltd. (sometimes referred to herein as "Amalga-

mated" or "C.I.G.O."), all as described below under "Description of Canadian Industrial Gas & Oil Ltd." Such amalgamation constituted the first step in a two-fold plan of reorganization of the Company and its subsidiaries. The second step in the plan of reorganization, as set forth in the Arrangement and in connection therewith the Agreement submitted to shareholders herewith, will authorize the sale and transfer by the Company to Amalgamated of the whole of the Company's undertakings, assets, property and goodwill (other than shares of Amalgamated presently owned by the Company) in exchange for Preferred Shares and additional Common Shares of Amalgamated plus \$5,000,000 in cash to be applied directly on the bank indebtedness of C.I.G., and the assumption by Amalgamated of obligations and liabilities of C.I.G. (except bank debt of \$5,000,000) to be followed immediately by the surrender by the Company of its charter and the distribution of the Preferred and Common Shares of Amalgamated to shareholders of the Company. Thereafter, all of the operations of the Company and its subsidiaries, and of those former subsidiaries which entered into the amalgamation, will be conducted by Canadian Industrial Gas & Oil Ltd. The proposed Arrangement and Agreement are being entered into for the purpose of integrating the bulk of oil and gas operations of the Company into a single corporation and simplifying its corporate structure. The proposed consolidation will facilitate financing of the activities and operations of the Companies by enabling all of the money generated from the assets and operations of each of the Companies to be concentrated in one company. The proposed transaction will take the form of an arrangement by reason of the fact that a statutory amalgamation of the Company with Amalgamated is not possible under the laws now in force in either Ontario or Alberta, the respective provinces of incorporation of these companies.

The Amalgamation described above as the first step of the two-fold plan of reorganization was not contingent on the second step also being accomplished, so that if the Arrangement, and in connection therewith the Agreement, is not approved by shareholders of C.I.G. Amalgamated will continue in existence as an 86.93% owned subsidiary of C.I.G.

SUMMARY OF EFFECTS OF APPROVAL OF ARRANGEMENT

If the Arrangement (including the Agreement pursuant to which such Arrangement is to be consummated) is approved by the shareholders the result will be that each common shareholder of C.I.G. will surrender the Common shares he owns of C.I.G. and receive the same number of Common shares of Canadian Industrial Gas & Oil Ltd. (hereinafter referred to as "Amalgamated" or "C.I.G.O."). Amalgamated shall, as a result of the Arrangement and Agreement, own all of the assets of C.I.G. as well as those it now owns. The present minority common shareholders of Amalgamated will continue to be common shareholders after the Arrangement. Each preference shareholder of C.I.G. will surrender the Preference shares he owns and receive an equal number of Preferred shares in Amalgamated, which preferred shares will have substantially the same conditions attached thereto as the Preference shares of C.I.G. The proposed procedure in obtaining these end results and appraisals of the factors involved are presented in detail below.

DESCRIPTION OF THE ARRANGEMENT

The Arrangement which shareholders of the Company are requested to approve, and the Agreement pursuant to which such Arrangement is to be consummated, as entered into on March 12th, 1965 between the Company and Amalgamated, are set forth in full in Exhibit A annexed hereto. Under the Arrangement, Amalgamated, an Alberta corporation, will be the surviving corporation and will continue in existence under its Memorandum of Association and Articles of Association as set out and provided for in the Agreement of Amalgamation dated February 10th, 1965 among Pamoil Limited, Medallion Petroleum Limited, Medpath Petroleum Ltd., Pathfinder Leaseholds Limited, Alberta Pacific Consolidated Oils, Limited (Non-Personal Liability), and Mid-Western Industrial Gas Ltd., such agreement hereafter being called the Agreement of Amalgamation. However, the officers of Amalgamated are presently officers of C.I.G. who have assumed similar titles and exercise similar functions for Amalgamated. Certain differences in the Board of Directors of Amalgamated from that of C.I.G. are described on Page 9.

Under the provisions of The Corporations Act (Ontario), the Arrangement is being submitted to the shareholders of the Company entitled to vote thereon. In the event the Arrangement is agreed to and approved by the required affirmative votes, it is contemplated that:

1. Application will be made by the Company to a Judge of the Supreme Court of Ontario under Section 95 of The Corporations Act for an order sanctioning the Arrangement, subject to such disposition with respect to dissenting shareholders as the Court may direct (see "Rights of Dissenting Shareholders" Page 21), and

2. An application for Supplementary Letters Patent will be made to the Lieutenant-Governor of the Province of Ontario confirming the Arrangement and thereby making it binding on the Company and on its shareholders, and authorizing the surrender of the Charter of the Company.

It is presently contemplated that the Arrangement will become effective in May 1965. Other information with respect to the effect of the Arrangement, including further terms thereof, is summarized below. Such summary does not purport to be complete and is subject in all respects to the Arrangement and in connection therewith the Agreement attached to this Proxy Statement as Exhibit A, to which reference is hereby made.

Transfer of Assets in Exchange for Securities and Cash

Upon the effective date of the Arrangement, C.I.G. will transfer to Amalgamated all of its undertaking, goodwill, assets and property (excluding 3,677,822 Common Shares of Amalgamated now owned by C.I.G.), and Amalgamated will assume all liabilities, obligations (including income and withholding taxes), mortgages, charges, liens and encumbrances not paid by C.I.G., exclusive of bank indebtedness totalling \$5,000,000. Amalgamated will allot and issue to C.I.G., as fully-paid and non-assessable, 458,765 Preferred Shares and 145,893 additional Common Shares of its share capital, and, in addition, will pay to the Royal Bank of Canada on behalf of C.I.G. the sum of \$5,000,000 in cash, being a part of the purchase price for the petroleum and natural gas rights and gas purchase and sales contracts of C.I.G., which sum is to be applied to the payment of the said bank indebtedness of C.I.G. not being assumed by Amalgamated. Amalgamated has arranged to borrow from its bankers this \$5,000,000 to be paid to The Royal Bank of Canada on behalf of C.I.G. A detailed description of the Preferred and Common Shares of Amalgamated is set forth under "DESCRIPTION OF AMALGAMATED PREFERRED SHARES" and "DESCRIPTION OF AMALGAMATED COMMON SHARES", and the provisions with respect to said preferred shares are set forth in detail in Schedule 1 of the Arrangement attached as Schedule A of the Agreement of Amalgamation annexed hereto as Exhibit A.

Following confirmation of the Arrangement by the Court, and the issuance of Supplementary Letters Patent C.I.G. will distribute the 3,813,715 Common Shares of Amalgamated then held by it to its common shareholders and the 458,765 Preferred Shares of Amalgamated to its preference shareholders on the basis of 1 Common Share of Amalgamated for each Common Share of the Company and 1 Preferred Share of Amalgamated for each Preference Share of the Company.

At the present time there are issued and outstanding 4,219,413 Common Shares and no Preferred Shares of the share capital of Amalgamated. 86.93% or 3,667,822 of such Common Shares are presently owned by C.I.G. and the remaining 551,591 shares or 13.07% are owned by minority shareholders of Amalgamated, a majority of whom are residents of the United States. Upon the effectuation of the Arrangement and after the issuance by Amalgamated to C.I.G. of the Common and Preferred Shares referred to above and the subsequent distribution thereof by C.I.G. to its shareholders in dissolution, there will be a total of 4,365,306 Common Shares and 458,765 Preferred Shares of Amalgamated issued and outstanding, of which 551,591 Common Shares or 12.64% will be owned by the present minority shareholders of Amalgamated and the remaining 3,813,715 or 87.36% of Common Shares and 100% of the Preferred Shares will be owned by the shareholders of C.I.G. at the time of its dissolution.

Vote Required

The Arrangement between C.I.G. and its shareholders, including the Agreement between C.I.G. and Amalgamated, pursuant to which such Arrangement will be effectuated, must be approved and agreed to by the affirmative vote of the holders of at least three-fourths of the Common and at least three-fourths of the Preference Shares of C.I.G. represented at the meeting, voting separately by class.

Miscellaneous Provisions

The obligations of C.I.G. to consummate the Agreement are conditioned upon C.I.G. obtaining within 6 months from the date of the Agreement (a) approval of such Arrangement by the affirmative vote of the

holders of three-fourths of the Common Shares and Preference Shares of C.I.G. represented at the meeting, voting separately by class, and (b) the sanction of the Arrangement by the Supreme Court of Ontario and confirmation of said Arrangement by Supplementary Letters Patent under Section 95 of The Corporations Act (Ontario). Amalgamated is required to pay all costs and expenses of carrying out the Agreement and the Arrangement, including the expenses attendant on distribution of the Preferred and Common Shares of Amalgamated by C.I.G. to its shareholders. Each outstanding employee stock option granted by C.I.G. to purchase its Common Shares shall be converted into an option to purchase an equal number of Common Shares of Amalgamated at the same price per share as provided for in each C.I.G. option, and such option shall be in all other respects upon the same terms and conditions as the existing options.

TAX CONSEQUENCES TO U.S. SHAREHOLDERS

The Company has received an advance ruling from the United States Internal Revenue Service, pursuant to Section 367 of the Internal Revenue Code, to the effect that the distribution resulting from the transfer of the assets of C.I.G. for Preferred and Common shares of Amalgamated followed by the complete liquidation of C.I.G. pursuant to the Arrangement is not pursuant to a plan having as one of its principal purposes the avoidance of Federal income taxes and the distribution of Preferred and Common shares of Amalgamated will not result in the recognition of gain or loss to the recipients pursuant to Section 354 (a) (1) of the Internal Revenue Code. The ruling also states that the tax basis of the shares received will be computed in accordance with the provisions of Section 358 of the Internal Revenue Code which provides that the basis of the shares received shall be the same as the basis of the shares surrendered. Further, the Company has been advised by Cummings & Lockwood, Stamford, Connecticut, its special United States counsel, that due to the tax-free nature of the exchange the acquisition of Amalgamated shares on the distribution is exempt from the Interest Equalization Tax by virtue of the exemption set forth in Sections 4914 (a) (4) and 4912 (b) (4) of the Internal Revenue Code. A similar ruling has been received with regard to the Amalgamation described under "Amalgamation of Subsidiaries" and the Company has been advised that such amalgamation and the exchange of shares made pursuant thereto constitutes a tax-free exchange for United States tax purposes and is not subject to the Interest Equalization Tax imposed by Section 4911 of the Internal Revenue Code.

LISTING ON STOCK EXCHANGES

C.I.G.'s Common Shares are presently listed on the American, Toronto and Canadian Stock Exchanges and its Preference Shares are listed on the Toronto and Canadian Stock Exchanges. Upon the dissolution of C.I.G. and the surrender of its charter, the Common Shares of C.I.G. will be de-listed and de-registered by the American Stock Exchange in accordance with applicable regulations of the Securities and Exchange Commission. The Common Shares of Amalgamated are presently listed and traded on the Toronto Stock Exchange and the Preferred Shares of Amalgamated will be so listed upon issuance thereof to C.I.G. and distribution thereof to shareholders of C.I.G. Neither the Preferred Shares nor the Common Shares of Amalgamated will be listed on any United States Securities Exchange nor will such shares be registered with the Securities and Exchange Commission under the Securities and Exchange Act of 1934. It is the opinion of your Board of Directors that the facilities of the Toronto Stock Exchange in themselves are adequate to provide a market for the Preferred and Common Shares of Amalgamated and that the legal, printing and accounting expense involved in maintaining the present listing and registration of the Company is not in the best interests of the shareholders of the Company in view of the fact that only approximately 20% of the shares of Amalgamated will be owned by United States shareholders after effectuation of the Arrangement. The Board is further of the opinion that the operation of the United States Interest Equalization Tax Act effectively prevents any substantial expansion of the market for the Common shares of Amalgamated in the United States. However, Management does not preclude the possibility of listing such shares on a U.S. National Securities Exchange at some future date if in their opinion such listing would be appropriate for providing an adequate market for a substantial portion of its shareholders.

REGISTRATION UNDER UNITED STATES SECURITIES LAWS

None of the Common or Preferred shares of Amalgamated to be distributed by C.I.G. to its shareholders upon consummation of the Arrangement has been or will be registered under the Securities Act of 1933. The

company has been advised by Cummings & Lockwood, Stamford, Connecticut, its special United States counsel, that in their opinion the transfer of assets by C.I.G. to Amalgamated in exchange for Common and Preferred shares of Amalgamated followed by the dissolution and liquidation of C.I.G., all pursuant to the Arrangement and Agreement referred to herein to be entered into pursuant to the vote of the security holders of C.I.G. comes within the scope of the exemption set forth in Rule 133 of the Securities and Exchange Commission, so that the distribution of such shares to the existing security holders of C.I.G. does not require such registration. The foregoing exemption is subject to the limitation that any person deemed to be an affiliate of C.I.G. may not resell any of such shares received by him upon dissolution of C.I.G. except in brokers' transactions within the limitations set forth in paragraph (d) of Rule 133.

In view of the fact that neither the Common nor the Preferred shares of Amalgamated will be registered under the Securities Exchange Act of 1934 nor listed on the American Stock Exchange, Amalgamated will not be subject to the provisions of Sections 13, 14(a) and 16 of the Securities Exchange Act of 1934 which require the filing with the Commission of annual and periodic reports, regulate the solicitations of proxies, limit the trading by insiders in company securities and require the periodic reporting of transactions in the securities of the company by directors and officers. However, under the Securities Acts Amendments of 1964, all corporations whose securities are traded by use of the mail or any means or instrumentality of inter-state commerce in the United States may be required to register with the Commission in the same manner as companies whose shares are listed on a national securities exchange provided certain tests are met as to size and number of security holders. Although Amalgamated is within the class of corporations affected by these requirements, it is entitled to the benefit of a temporary exemption issued by the Commission with respect to all foreign companies whereby all such companies are exempted from all such registration requirements at least until the expiration of 120 days following the close of the fiscal year of any such company ending after November 30, 1965. (In the case of Amalgamated this 120 day period would end April 30, 1966). The application of the registration requirements to foreign issuers is presently under study by the Commission and it is not possible to state at this time to what extent, if any, exemption will continue to be available to Amalgamated from any of the registration and reporting requirements of the Commission under the 1964 law.

AMALGAMATION OF SUBSIDIARIES

Canadian Industrial Gas & Oil Ltd., an Alberta corporation, is the resulting company in an amalgamation which became effective by a Certificate of Amalgamation issued on March 8th, 1965 amalgamating six majority-owned direct and indirect subsidiaries of C.I.G., all of which were Alberta corporations. The Companies which were parties to the amalgamation and the percentage share ownership thereof by C.I.G. or its subsidiaries were as follows: Pamoil Limited, 83.26% owned by C.I.G.; Medallion Petroleum Limited, 88.56% owned by C.I.G.; Medpath Petroleum Ltd., 95% owned by Medallion and 5% owned by C.I.G.; Pathfinder Leaseholds Limited, 100% owned by Medallion; Alberta Pacific Consolidated Oils, Limited (Non-Personal Liability), 71.93% owned by Medpath; and Mid-Western Industrial Gas Ltd., 89.76% owned by C.I.G. By the provisions of this Amalgamation shareholders of the amalgamating companies received shares in Amalgamated on the following bases: 1 Common share of Amalgamated for each 2.1 shares of Medallion, each 3.3 shares of Mid-Western, each 14.9 shares of Pamoil, each 13.7 shares of Alberta Pacific Consolidated Oils, Limited, and each 6.1 shares of Medpath Petroleum Ltd. No shares of Amalgamated were issued for the shares of Pathfinder Leaseholds Limited as that company was a 100% owned subsidiary of Medallion.

Prior to the amalgamation, the shares of Pamoil, Medallion, Mid-Western and Alberta Pacific were traded on the Toronto Stock Exchange. The amalgamation was approved at shareholders' meetings of each of the amalgamating companies held in Calgary, Alberta, Canada, on February 26, 1965.

ACCOUNTING TREATMENT OF THE TRANSACTION

The acquisition of Medallion and its amalgamation into Amalgamated followed by the arrangement with C.I.G. will be treated as a pooling of interests for accounting purposes. Under the pooling of interests accounting treatment, the assets, liabilities and the 88.56% interest of C.I.G. in the earned and paid in surpluses of Medallion have been carried over on to Amalgamated's Pro Forma Consolidated Balance Sheet dated December 31, 1964 at the same figures at which they were carried on the books of Medallion. The acquisition by C.I.G. of the shares of Pamoil and Mid-Western has been recorded on the books of C.I.G. at the total of the cost of the Pamoil and Mid-Western Common Stock acquired by C.I.G. and the approximate

price of the C.I.G. Common Stock on the Toronto Stock Exchange at the time of the exchange offer. In consolidation of the accounts of C.I.G. and Amalgamated presented herein, the excess of the purchase price of the shares of Pamoil and Mid-Western over the net book value of the respective assets at dates of acquisition has been ascribed to certain specific accounts of Pamoil and Mid-Western as appropriate.

REFERENCE TO FINANCIAL INFORMATION

The effect of the proposed transaction upon the debt and capitalization of the Company is set out on Page 23. The audited Consolidated Financial Statements of Canadian Industrial Gas Limited and the Pro-Forma Consolidated Financial Statements of Canadian Industrial Gas & Oil Ltd. together with notes thereto and reports of Independent Public Accountants appear on Pages 24 through 27.

EARNINGS PER SHARE

Reference is made to the Consolidated Statement of Income for the 5 years ended December 31, 1964 and Pro Forma Consolidated Statement of Income for the year ended December 31, 1964 on Page 25 which show earnings per share for the shares outstanding of C.I.G. and the combined per share earnings computed on the basis described in Note B Page 35. In the opinion of the Company a comparison of the book values of the shares of the respective companies involved in this Arrangement is not significant.

PRICE OF SHARES OF THE STOCK OF THE COMPANIES INVOLVED

The following tabulation shows the high and low sales price, per share, of the stock of the companies indicated on the Toronto Stock Exchange for each of the types of shares outstanding of C.I.G. and of Amalgamated:

Canadian Industrial Gas - Common		1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
		\$	\$*	\$	\$*	\$	\$*	\$	\$*
1963									
	High	10	9¼	10	9½	10¾	9½	9½	9¼
	Low	8½	8½	8½	7¾	9	7½	8½	7½
1964									
	High	9½	9	11¾	10½	11¾	11¾	12¾	11
	Low	8½	8½	9¼	8½	9¾	9	10½	10½
1965									
	High	13¾	12¾						
	Low	11½	10½						
	March 31, 1965	12½	11½						
Canadian Industrial Gas - Preference									
1963									
	High					13		13¾	
	Low					10¾		12	
1964									
	High	13¾		14½		14½		15½	
	Low	12¾		13		13		13¾	
1965									
	High	16½							
	Low	14½							
	March 31, 1965	15½							
Canadian Industrial Gas & Oil Ltd. - Common									
1965									
	High	13¾							
	Low	12½							
	March 31, 1965	12¾							

* Common shares of C.I.G. trade also on the American Stock Exchange and the prices shown in the columns under the "*" are the quotations for that exchange in U.S. dollars. The value of the U.S. dollar fluctuates in relation to the value of the Canadian dollar. Trading on the American Stock Exchange will cease on the date upon which Supplementary Letters Patent are issued to the Company relating to the Arrangement. If no appeals are filed from the decision of the court, it is anticipated that trading will be terminated on the American Stock Exchange in May, 1965.

The following tabulation shows the prices on the Toronto Stock Exchange of the shares of the companies involved in the amalgamation into Amalgamated: (As shares of Medpath Petroleum Ltd. and Pathfinder Leaseholds Limited were held 100% by Medallion and/or C.I.G. their shares had no quoted market value on any Stock Exchange.)

Medallion Petroleum Limited	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>
1963	\$	\$	\$	\$
High	2.70	3.30	4.65	4.60
Low	2.25	2.55	2.80	4.15
1964				
High	4.65	5.00	6.10	5.30
Low	3.85	4.10	4.50	4.65
1965				
High	6.35			
Low	5.15			
March 31, 1965	6.00			
Mid-Western Industrial Gas Ltd.				
1963				
High	2.05	2.45	2.20	3.00
Low	1.75	1.85	2.00	2.10
1964				
High	3.60	3.45	4.10	3.50
Low	2.45	3.00	3.10	3.10
1965				
High	4.00			
Low	3.30			
March 31, 1965	3.80			
Pamoil Limited				
1963				
High	.54	.53	.45	.49
Low	.45	.39	.40	.45
1964				
High	.55	.67	.84	.65
Low	.48	.52	.61	.53
1965				
High	.88			
Low	.60			
March 31, 1965	.85			
Alberta Pacific Consolidated Oils, Limited (Non-Personal Liability)				
1963				
High	.45	.54	.61	.45
Low	.35	.37	.37	.38
1964				
High	.55	.55	.60	.62
Low	.39	.43	.20	.46½
1965				
High	.95			
Low	.60			
March 31, 1965	.90			

DIRECTORS AND OFFICERS OF AMALGAMATED AS SURVIVING CORPORATION

The officers of C.I.G. in office on the effective date of the Arrangement will also be the officers of Amalgamated and will hold the same office in Amalgamated as in C.I.G. The following table sets forth the names of the persons who comprise the Board of Directors of Amalgamated, the principal occupation or employment of each person, the principal business of the corporation or other organization in which such occupation or employment is carried on, the number of shares of stock beneficially owned directly or indirectly in C.I.G. and in Amalgamated on February 15, 1965 and March 8, 1965 respectively, the latter date being the date of inception of Amalgamated as a corporation. The table also indicates the period, if any, during which each person has served as a director of C.I.G. All of these present directors of Amalgamated listed became directors of that company upon its incorporation pursuant to the terms of the Amalgamation Agreement, except Mr. Mackwell who was appointed by a Resolution of the Board of Directors on March 12, 1965.

Directors of Amalgamated

Name	Principal Occupation	Directors of C.I.G. since following year (a)	Shares of Stock of C.I.G. Beneficially owned on February 15, 1965		Common shares (b) of Amalgamated beneficially owned March 8/65 (c)
			Common	Preference	
ARTHUR M. STARCK	Chairman of the Board of C.I.G.; President Unique Window Balance Corp., South Norwalk, Connecticut.	1951	22,730	—	—
EDWARD A. GALVIN	President, Canadian Industrial Gas Limited.	1964	5,000	—	450
MAURICE F. STRONG	Chairman of the Executive Com- mittee of C.I.G.; President, Power Corporation of Canada, Limited, Montreal, Quebec.	1959	2,310	— (d)	—
H. C. ANDREAEE	President, H. C. Andreae and Company Limited, Toronto, Ontario, Investment Counsellors.	1958	2,020	—	—
J. IAN CROOKSTON	Senior Vice President and Direc- tor, Nesbitt Thomson and Company, Limited, Toronto, Ontario, Investment Dealers.	1955	1,000	—	—
RICHEY B. LOVE	Barrister and Solicitor, Macleod, Dixon, Burns, Love, Leitch & Lomas, Calgary, Alberta.	1963	1,100	—	—
PETER N. THOMSON	Chairman of the Board, Power Corporation of Canada, Limited, Montreal, Quebec.	1963	5	2 (d)	—
ARTHUR MACKWELL	Private Investor, Patterson, New Jersey.	(e)	21,875	—	—
JAMES A. SCOTT	President, Power Corporation De- velopments Limited, Calgary, Alberta, an international invest- ment company.	(e)	—	— (f)	—
JOHN R. YARNELL	President, Inspiration Limited, Montreal, Quebec, a national construction company.	(e)	500	— (g)	—

(a) Each of these individuals has been a Director of Amalgamated since its inception March 8, 1965 and comprise all of its Directors. (Mr. Mackwell was appointed a Director March 12, 1965.)

(b) No Preferred shares of Amalgamated have yet been issued.

(c) March 8, 1965 was the date of inception of Amalgamated.

- (d) Mr. Thomson is Chairman of the Board, and Mr. Strong is President, of Power Corporation of Canada, Limited, which on February 15, 1965, owned beneficially 1,156,290 or 30.3% of the Common shares outstanding and 165,376 or 36.0% of the Preference shares outstanding of C.I.G. Upon completion of the proposed Arrangement, Power Corporation of Canada, Limited, will own beneficially 1,156,290 or 26.5% of the Common shares and 165,376 or 36.0% of the Preferred shares outstanding of Amalgamated.
- (e) Messrs. Mackwell, Scott and Yarnell are not presently serving as directors of C.I.G.
- (f) Power Corporation Developments Limited is 100% owned by Power Corporation of Canada, Limited.
- (g) Inspiration Limited is controlled by Power Corporation of Canada, Limited.

All of the above directors of C.I.G. have served continuously as such since the years when they first became directors of the Company as set forth above.

MR. ARTHUR MACKWELL has had as his principal occupation for the last 5 years that of a Private Investor, in Patterson, New Jersey:

MR. JAMES A. SCOTT has been President and a Director of Power Corporation Developments Limited since December 31, 1964. From 1962 through 1964 he was Vice President of Northwestern Utilities Limited, Edmonton, Alberta, and Canadian Western Natural Gas Company Limited, Calgary, Alberta. In 1961 he was President and a Director of Pembina Pipe Line Ltd., Calgary, Alberta, positions he had held since inception of that company in 1954.

MR. JOHN R. YARNELL has been President and a Director of Inspiration Limited, Montreal, Quebec, since October, 1964. From 1958 to October, 1964 he was Treasurer of The British American Oil Company Limited, Toronto, Ontario, and from July, 1962 until October, 1964, he was also a Director of Superior Propane Limited, Toronto, Ontario, and of Canadian Helium Limited, Toronto, Ontario.

REMUNERATION OF DIRECTORS AND OFFICERS

The following figures on remuneration to officers and directors of the Company during 1964 includes all remuneration received from C.I.G. plus all remuneration, if any, each received from the companies amalgamated into Amalgamated from the period each of these later amalgamated companies became a direct or indirect subsidiary of C.I.G.:

<u>Name of individual or identity of group</u>	<u>Capacities in which remuneration was received</u>	<u>Aggregate Remuneration</u>
(1) Each director whose aggregate remuneration exceeded \$ 30,000	—	nil
(2) Each person who was one of the three highest paid officers whose aggregate remuneration exceeded \$ 30,000	—	nil
(3) All directors and officers as a group	Officer or director	\$147,001

As indicated, no director or person received an aggregate remuneration in excess of \$ 30,000 from the Company and/or its subsidiaries during the fiscal year.

During the year 1964 and to date in the year 1965 the Company had no significant transaction and no significant transactions are proposed with any officer or associate thereof except the following:

On January 8, 1965 Medallion Petroleums Limited, which at the time was 88.38% owned by C.I.G., sold to C.I.G. 136,615 or 5% of the outstanding shares of Medpath Petroleums Ltd., previously owned 100% by Medallion Petroleums Limited, for a price of \$265,033.10. On that date Mr. E. A. Galvin was President, Messrs. E. G. Battle and S. R. Dyckman were Vice-Presidents, Mr. T. G. Sheeres was Treasurer and Mr. J. K. Fletcher was Secretary of Medallion Petroleums Limited and in each case held the same office in C.I.G.

On February 22, 1965 C.I.G. sold to Medpath Petroleum Ltd. certain mineral interests for a total price of \$1,848,800 and on February 24, 1965 C.I.G. advanced to Medpath \$1,800,000. On each of these dates Mr. E. A. Galvin was President, Messrs. E. G. Battle and S. R. Dyckman were Vice-Presidents, Mr. T. G. Sheeres was Treasurer, Mr. B. R. B. Gore was Secretary and Mr. L. A. Sills was Assistant Secretary of Medpath Petroleum Ltd. and in each case held the same office in C.I.G.

On March 12, 1965 when the Agreement between C.I.G. and Amalgamated and set forth as part of Exhibit "A" hereof was executed, all of the officers of C.I.G. were also officers holding the same positions in Amalgamated.

By an agreement dated June 12, 1964, between Power Corporation of Canada, Limited, Canadian Industrial Gas Limited and Pamoil Limited, Power Corporation of Canada, Limited agreed to purchase 1,217,100 shares of Medallion Petroleum Limited owned by Pamoil for \$4.60 per share and Pamoil Limited agreed to apply the proceeds of the sale to the extent necessary to pay all of its then existing bank debt, on the major part of which Canadian Industrial Gas Limited was a co-signer. The sale of these shares was effected in July, 1964. On June 12, 1964, Mr. Maurice F. Strong was President of Canadian Industrial Gas Limited, of Power Corporation of Canada, Limited and of Pamoil Limited, Mr. Stewart R. Dyckman was Vice-President and Secretary of Canadian Industrial Gas Limited and Secretary of Pamoil Limited, Mr. Harvey Menard was Vice-President of Canadian Industrial Gas Limited and of Pamoil Limited, Mr. H. ReKunyk was Vice-President of Canadian Industrial Gas Limited and of Pamoil Limited, and Mr. T. G. Sheeres was Treasurer of Canadian Industrial Gas Limited and of Pamoil Limited.

On March 8, 1965, the date of the amalgamation of the companies forming Amalgamated, Mr. E. A. Galvin, President and a Director of C.I.G. and President and a Director of Alberta Pacific Consolidated Oils, Limited (Non-Personal Liability) owned 6,166 shares of the latter company.

DESCRIPTION OF BUSINESS OF CANADIAN INDUSTRIAL GAS LIMITED (excluding that of its interest in C.I.G.O.)

C.I.G. is engaged directly, or indirectly through subsidiaries, in the business of exploring for, acquiring and developing oil and gas reserves, and the production and sale of natural gas, condensate and crude oil in the Provinces of Alberta, British Columbia, Saskatchewan and Quebec, in the State of Ohio and in the North Sea adjacent to the east coast of England. It owns and operates in Alberta a natural gas pipeline and a natural gasoline extraction plant. Through a separate division it wholesales and retails liquefied petroleum gas in the Provinces of Alberta, British Columbia, Saskatchewan and Manitoba.

Oil and gas operations are handled in the Province of Quebec by Quebec Industrial Gas Ltd., in the State of Ohio by Ajax West Leaseholds, Inc., and in the North Sea by Canadian Industrial Gas (U.K.) Ltd., all 100% owned subsidiaries.

The following tabulation shows interests owned by C.I.G. in unproven properties as of September 30th, 1964. The tabulation also shows the total number of dry holes which have been drilled to date on the total gross acreage:

<u>Area</u>	<u>Gross Acres</u>	<u>Gross Dry Holes</u>	<u>Net Acres</u>
Saskatchewan	22,396	6	1,399
North Alberta	387,213	11	108,104
British Columbia	2,416	—	574
Quebec	280,000	—	110,000
North Sea	182,383	—	182,383
Totals	874,408	17	402,460

The following table shows the interests of C.I.G. in proven oil and gas properties as of September 30th, 1964:

<u>Area</u>	<u>Wells</u>				<u>Acreage</u>	
	<u>Gross</u>		<u>Net</u>		<u>Gross</u>	<u>Net</u>
	<u>Oil</u>	<u>Gas</u>	<u>Oil</u>	<u>Gas</u>		
North Alberta	11.0	33.0	7.00	20.92	79,171	34,710
U.S.A.	—	2.0	—	1.00	320	160
Totals	11.0	35.0	7.00	21.92	79,491	34,870

The following table indicates C.I.G.'s net crude oil and condensate production in barrels for the time intervals shown:

<u>Area</u>	<u>Jan. 1/62</u> <u>Dec. 31/62</u> <u>12 months</u>	<u>Jan. 1/63</u> <u>Dec. 31/63</u> <u>12 months</u>	<u>Jan. 1/64</u> <u>Sept. 30/64</u> <u>9 months</u>	<u>Oct. 1/64</u> <u>Dec. 31/64</u> <u>3 months</u>
North Alberta	45,659	42,055	31,689	10,849

The following tabulation indicates C.I.G.'s net gas production in MCFs for the time intervals shown:

<u>Area</u>	<u>Jan. 1/62</u> <u>Dec. 31/62</u> <u>12 months</u>	<u>Jan. 1/63</u> <u>Dec. 31/63</u> <u>12 months</u>	<u>Jan. 1/64</u> <u>Sept. 30/64</u> <u>9 months</u>	<u>Oct. 1/64</u> <u>Dec. 31/64</u> <u>3 months</u>
North Alberta	4,806,784	3,942,875	2,178,549	960,831

The total net proven recoverable crude oil and condensate reserves owned by C.I.G. as of September 30th, 1964, are summarized in the following table. The proven crude oil reserves were recently estimated by McDaniel Consultants Ltd. of Calgary, Alberta. Because McDaniel did not estimate a net proven condensate reserve, the Company estimate is used.

<u>Area</u>	<u>Net Proven Reserves</u>
ALBERTA—	(Bbls.)
Crude Oil	232,900
Condensate	239,442
Total	472,342

The total net proven recoverable gas reserves owned by C.I.G. as of September 30th, 1964, are summarized in the following table. The reserves were determined from recent appraisals prepared by McDaniel Consultants Ltd. of Calgary, Alberta. Approximately 93% of the Company's total net gas reserves are located in the Lac La Biche, Saddle Hills, St. Albert-Big Lake and Westlock Fields of Alberta:

<u>Area</u>	<u>Net Proven Reserves</u>
Alberta	(MMCF) 90,022

Canadian Industrial Gas Transmission Ltd., a wholly owned subsidiary, owns and operates a pipeline with 136 miles of gathering and transmission lines to transport produced and purchased gas from the Morinville, St. Albert-Big Lake and Westlock Fields of Alberta to the Company's industrial gas customers in the area east of Edmonton, Alberta.

Canadian Industrial Gas Processors Ltd., a wholly owned subsidiary, owns and operates a natural gasoline absorption plant near St. Albert, Alberta, which extracts natural gasoline from gas being transported to industrial customers through the line of Canadian Industrial Gas Transmission Ltd. The plant has a rated capacity of 20 million cubic feet per day. During 1964 the plant extracted approximately 34,000 barrels of natural gasoline.

C.I.G. sells the gas which it produces, as well as the gas it purchases, to: Chemcell (1963) Ltd., Fiberglas Canada Ltd. and Plains-Western Gas & Electric Co. Ltd. under long-term contracts. Approximately 95% of such sales are to Chemcell (1963) Ltd. The following table summarizes the volumes of natural gas sales to industrial customers:

Natural Gas Sales

(MCFs @ 14.65 p.s.i.a.; 60°F and 1,000 BTUs)

<u>Year</u>	<u>Total Annual Volume</u>	<u>Average Daily Volume</u>
1959	8,962,267	24,620
1960	9,879,053	27,120
1961	10,454,770	28,720
1962	11,062,811	30,390
1963	11,606,510	31,884
1964	12,398,976	33,877

The volumes of natural gas purchased from third parties for sale to industrial customers are summarized in the following table:

Natural Gas Purchases

<u>Year</u>	<u>Volume of Gas Purchased</u> (MCF)
1959	4,729,022
1960	6,101,912
1961	6,079,917
1962	6,806,143
1963	8,089,422
1964	9,517,784

During 1964 the excess of the weighted average selling price of gas over the weighted average cost of gas purchased was approximately 8¢ per MCF before deducting transmission and processing charges.

It is estimated that the Company has a net proven gas reserve of approximately 26,800 MMCF and a total contracted third party gas reserve of approximately 237,200 MMCF connected to the industrial gas pipeline systems.

Through a wholly owned subsidiary, Cigas Products Ltd. and its 100% owned subsidiaries, Industrial Propane Ltd. and Industrial Propane (Vancouver Island) Ltd., the Company distributes at retail level liquefied petroleum gas, customer storage tanks and gas appliances such as furnaces, stoves and water heaters in the Provinces of British Columbia, Alberta, Saskatchewan and Manitoba. Cigas Products Ltd. also wholesales liquefied petroleum gas in parts of British Columbia and Alberta. In 1964 sales of liquefied petroleum gas, both retail and wholesale, totalled 14,824,000 gallons compared with 11,648,000 gallons for 1963. This division was responsible for 16% of the total net income after taxes of the Company in 1964.

C.I.G. employs approximately 270 employees of which about 150 are used in the operations of Cigas Products Ltd. and its subsidiaries.

DESCRIPTION OF CANADIAN INDUSTRIAL GAS & OIL LTD. (hereafter sometimes referred to as "C.I.G.O.")

Corporate Antecedents

C.I.G.O. is the continuing corporation, deemed to be incorporated under the laws of the Province of Alberta, and results from an amalgamation, effective March 8, 1965, of the following Alberta corporations:

Mid-Western Industrial Gas Ltd.

Incorporated March 28, 1952 as a public company.

Alberta Pacific Consolidated Oils, Limited (Non-Personal Liability)

Incorporated December 31, 1914 as a public company.

Pathfinder Leaseholds Limited

Incorporated as a private company on October 26, 1951 as Alberta Minerals Limited, on September 25, 1952 changed its name to Pathfinder Leaseholds Limited.

Medpath Petroleum Ltd.

Incorporated as a private company September 25, 1963.

Pamoil Limited

Incorporated as a public company February 4, 1949 in the name of Kroy Oils Limited, its name being changed to Pamoil Limited on October 9, 1959.

Medallion Petroleum Limited

Incorporated as a private company on February 4, 1952 as Pathfinder Petroleum Limited, on May 8, 1952 converted from a private to a public company and on September 11, 1956 changed in name to Medallion Petroleum Limited.

Description of Business

C.I.G.O. is engaged directly, or indirectly through subsidiaries, in the business of exploring for, acquiring and developing oil and gas reserves, and the production and sale of crude oil, natural gas and associated products. It operates in the Provinces of Alberta, British Columbia, Saskatchewan, Manitoba, in the Northwest Territories and in the State of Texas and also owns and operates in Alberta several gas pipelines, an oil pipeline and natural gasoline extraction plant.

In addition to the operations carried on directly by C.I.G.O. in the areas described above, C.I.G.O. has indirect interest in exploring for, acquiring and developing oil and gas reserves, and the production and sale of crude oil, natural gas and associated products through the companies set forth in the following table:

<u>Company</u>	<u>Owned by</u>	<u>Percent Owned</u>	<u>Incorporated In</u>	<u>Area of Operations</u>
Sturgeon Petroleum Ltd.	C.I.G.O.	61	Alberta	Alberta and Saskatchewan
Gas Exploration Company of Alberta	C.I.G.O.	100	Delaware	Texas
Gas & Oil Exploration Company	Gas Exploration Company of Alberta	100	Texas	Texas
Okalta Oils, Limited	C.I.G.O.	47	Dominion of Canada	Alberta and Saskatchewan
New Concord Development Corporation Limited	Okalta Oils, Limited	54	Ontario	Alberta and Saskatchewan
Alsa Holdings Limited	New Concord De- velopment Corpora- tion Limited.	100	Ontario	Alberta and Saskatchewan

The following tabulation shows interests owned by C.I.G.O. in unproven properties as of September 30th, 1964. The tabulation also indicates the total number of dry holes which have been drilled to date on the total gross acreage.

<u>Area</u>	<u>Gross Acres</u>	<u>Gross Dry Holes</u>	<u>Net Acres</u>
Manitoba	480		83
Saskatchewan	34,040	32	4,490
South Alberta	518,828	107	211,108
North Alberta	833,284	56	90,655
British Columbia	1,636,899	28	126,104
Northwest Territories	574,730		143,683
U. S. A.	60		40
Totals:	3,598,321	223	576,163

The following table, shows the interests of C.I.G.O. in proven oil and gas properties, as of September 30th, 1964.

<u>Area</u>	<u>Wells</u>				<u>Acreage</u>	
	<u>Gross</u>		<u>Net</u>		<u>Gross</u>	<u>Net</u>
	<u>Oil</u>	<u>Gas</u>	<u>Oil</u>	<u>Gas</u>		
Manitoba	1	—	0.080	—	160	20
Saskatchewan	1,094	17	29.992	1.205	103,520	3,370
Alberta	2,601	275	178.238	99.193	793,958	187,624
British Columbia	195	78	4.026	5.780	115,015	6,688
Royalty Total	478	95	—	—	299,445	—
U.S.A.	9	2	2.500	1.000	680	260
Totals	4,378	467	214.836	107.178	1,312,778	197,962

The following tabulation indicates C.I.G.O.'s net crude oil and condensate production in barrels for the time intervals shown. At the present time approximately 70% of the total net crude oil production is being produced from the Joarcam, Pembina, Redwater, Swan Hills and Leduc Fields in Alberta; the Weyburn and Hazlet Fields in Saskatchewan; and the Peejay Field in British Columbia.

<u>Area</u>	<u>Jan. 1/62 Dec. 31/62 12 months*</u>	<u>Jan. 1/63 Dec. 31/63 12 months</u>	<u>Jan. 1/64 Sept. 30/64 9 months</u>	<u>Oct. 1/64 Dec. 31/64 3 months</u>
Manitoba	—	230	870	695
Saskatchewan	308,316	319,654	266,265	109,738
Alberta	1,135,558	1,198,926	969,240	326,810
British Columbia	33,034	58,336	68,362	27,190
U. S. A.	8,961	5,290	3,315	1,101
Total Working Interest — Oil Production	1,485,869	1,582,436	1,308,052	465,534
Royalty Production	39,846	58,421	48,677	16,179
Grand Total— Crude Oil and Condensate Production	1,525,715	1,640,857	1,356,729	481,713

* Estimate

The following tabulation indicates C.I.G.O.'s net gas production in MCFs for the time intervals shown. At the present time approximately 88% of the total net gas production is being produced from the Alexander, Bindloss, Fort Saskatchewan, Kessler, Nevis, Pouce Coupe and Westlock Fields in Alberta.

<u>Area</u>	<u>Jan. 1/62</u> <u>Dec. 31/62</u> <u>12 months*</u>	<u>Jan. 1/63</u> <u>Dec. 31/63</u> <u>12 months</u>	<u>Jan. 1/64</u> <u>Sept. 30/64</u> <u>9 months</u>	<u>Oct. 1/64</u> <u>Dec. 31/64</u> <u>3 months</u>
Saskatchewan	14,433	14,162	10,303	4,203
Alberta	24,489,644	26,786,144	18,907,671	6,223,578
British Columbia	294,735	322,445	248,675	113,200
Total Working Interest Gas Production	24,798,812	27,122,751	19,166,649	6,340,981
Royalty Production	304,062	697,676	544,348	196,333
Grand Total Gas Production	25,102,874	27,820,427	19,710,997	6,537,314

*Estimate.

The total net proven recoverable crude oil and condensate reserves owned by C.I.G.O. as of September 30th, 1964 are summarized in the following table. The reserves were determined from recent appraisals prepared by McDaniel Consultants Ltd. of Calgary, Alberta. The stated reserves represent McDaniel's estimate of total net proven reserves plus approximately 4,000,000 barrels of additional secondary crude oil reserve which, through the past implementation of enhanced recovery methods, can reasonably be expected to be recovered. Approximately 75% of the total net crude oil reserve is located in the Cullen and Weyburn Fields of Saskatchewan; the Joarcam, Redwater, Simonette and Swan Hills Fields of Alberta; and the Peejay Field of British Columbia.

<u>Area</u>	<u>Net Proven Reserves</u> (Bbls.)
Manitoba	5,790
Saskatchewan	4,887,950
Alberta	18,245,960
British Columbia	1,264,190
U. S. A.	25,120
Royalty Interest	378,580
Totals	24,807,590

The total net proven recoverable gas reserves owned by C.I.G.O. as of September 30th, 1964, are summarized in the following table. The reserves were determined from recent appraisals prepared by McDaniel Consultants Ltd. of Calgary, Alberta. Approximately 82% of the total net gas reserve is located in the Alexander, Bindloss, Crossfield, Fort Saskatchewan, Kessler, Nevis, Pouce Coupe and Westlock Fields, of Alberta and in the Bubbles, Jedney, Laprise and East Laprise Fields of British Columbia.

<u>Area</u>	<u>Net Proven Reserves</u> (MMCF)
Saskatchewan	2,307
Alberta	344,488
British Columbia	59,012
Royalty Interest	11,131
Totals	416,938

The total net proven recoverable sulphur reserves owned by C.I.G.O. as of September 30th, 1964, are 230,894 long tons. The reserves were estimated by McDaniel Consultants Ltd. of Calgary, Alberta.

The pipeline operations of C.I.G.O. are conducted by three wholly owned subsidiaries which are as follows:-

- (1) Mid-Western Industrial Pipelines Ltd. operates 7½ miles of gas gathering system and 1.8 miles of transmission line which delivers gas from the Fort Saskatchewan wells of C.I.G.O. to the Sherritt Gordon Nickel Refinery at Fort Saskatchewan, Alberta.
- (2) Mid-Western Industrial Pipelines (Redwater) Ltd. operates 28.5 miles of transmission line which transports residue gas from the Redwater Field to the Sherritt Gordon Nickel Refinery at Fort Saskatchewan, Alberta.
- (3) Mid-Western Industrial Pipelines (Wabamun) Ltd. owns 15 miles of gathering and distribution lines, plus 57 miles of transmission line for transporting gas from the Alexander, Westlock and Legal gas fields to the Steam Plant of Calgary Power Ltd. at Wabamun, Alberta, and the Pipeline of North Canadian Oils Ltd. in the Wabamun area.

Mid-Western Industrial Processors Ltd., a wholly owned subsidiary, operates a refrigeration plant which extracts natural gasoline from the Alexander field gas before it enters the transmission line. Rated capacity of the plant is 55 million cubic feet daily. During 1964 approximately 30,000 barrels of natural gasoline were extracted.

The Company sells a portion of its gas production, as well as the gas which is purchased, to the following customers: Calgary Power Ltd., Lake Wabamun, Alberta; Sherritt Gordon Mines Limited, Fort Saskatchewan, Alberta; North Canadian Oils Ltd., Hinton, Alberta; Dow Chemical of Canada, Limited, Fort Saskatchewan, Alberta; and Building Products Ltd., Wabamun, Alberta. The following table summarizes the volumes of natural gas sales to industrial customers.

Natural Gas Sales

(MCFs @ 14.65 p.s.i.a.; 60° F and 1,000 BTUs.)

<u>Year</u>	<u>Total Annual Volume</u>	<u>Average Daily Volume</u>
1959	16,042,787	44,071
1960	19,527,514	53,645
1961	20,177,205	55,431
1962	21,263,506	58,414
1963	22,977,088	63,122
1964	19,143,484	52,305

The volumes of natural gas purchased from third parties for sale to industrial customers are summarized in the following table:-

Natural Gas Purchases

<u>Year</u>	<u>Volume of Gas Purchased</u> (MCF)
1959	1,012,360
1960	758,700
1961	1,006,418
1962	1,493,687
1963	1,612,515
1964	1,491,596

During 1964 the excess of the weighted average selling price of gas over the weighted average cost of gas purchased was approximately 4¢ per MCF before deducting transmission and processing charges.

It is estimated that C.I.G.O. has a net proven gas reserve of approximately 157,000 MMCF and a total contracted third party gas reserve of approximately 68,000 MMCF connected to the industrial gas systems.

C.I.G.O. owns and operates a crude oil pipeline 35 miles long, with a gathering system comprised of an additional 43 miles, used to transport oil produced by C.I.G.O. and others from the Joarcam Field in Alberta to the City of Edmonton, Alberta. At its terminal in that City it connects with Inter-Provincial Pipeline which transports oil to Eastern Canada (the current transportation tariff is 15c per barrel for the Joarcam North Field and 16c per barrel for the Joarcam South Field). The following tabulation reflects volumes of crude oil transported for the periods indicated:

<u>Year</u>	<u>Crude Oil Transported</u> (Bbls.)
3 Months to April 30, 1960	853,163
May 1, 1960 to April 30, 1961	3,341,753
May 1, 1961 to April 30, 1962	3,175,334
May 1, 1962 to April 30, 1963	2,865,095
May 1, 1963 to Dec. 31, 1963 (8 months)	2,019,364
12 months ended Dec. 31, 1964	2,883,167

C.I.G.O. and all of its subsidiaries are managed and operated by C.I.G.

GRANTING AND EXERCISE OF STOCK OPTIONS

On July 30, 1964 the Directors established, subject to approval of the shareholders and of regulatory authorities, a Key Employee Share Option Plan ("the New Plan"), in form and content similar to the Company's plan of May 17, 1962 ("1962 Plan") and reserved 150,000 Common shares without par value for future issuance under the provisions of the New Plan. On the same date the Directors granted under the New Plan options to employees to purchase a total of 85,000 shares at \$10.00 per share subject, however, to approval of shareholders and of regulatory authorities. On July 30, 1964 the closing price of Common shares on the Toronto Stock Exchange was \$10.00. The 1962 plan authorized the granting of options with respect to a maximum of 50,000 Common shares and under it options have been granted for 30,000 shares although 8,000 of the 30,000 have reverted to the plan leaving a total of 28,000 available. The management of the Company does not intend to grant any additional options under the 1962 Plan prior to dissolution.

No action will be taken on the approval of the New Plan or the options granted under it at the Meeting of Shareholders for which proxies are hereby being solicited.

Further information is presented on outstanding employee options to purchase shares on Page 32 under Note 4 "Capital" of the Audited Financial Statements of C.I.G.

No other action was taken on the granting of stock options to purchase Common or Preference shares of C.I.G. during the year 1964 or to date in the year 1965.

During the year 1964, pursuant to options granted to him to purchase Common shares at \$5.00 per share under the Employee Stock Option Plan established March 25, 1960, an officer of the Company exercised options for 500 shares on June 2 (on which date the closing price of Common shares on the Toronto Stock Exchange was \$11.00) and for another 500 shares on August 12 (on which date the closing price of Common shares on the Toronto Stock Exchange was \$9.87½). On November 9, 1964, another officer exercised options to buy 2,000 shares at \$10.00 per share granted him under the Key Employee Share Option Plan established May 17, 1962. (On November 9, 1964, the closing price of Common shares on the Toronto Stock Exchange was \$11.75). No options to purchase Common or Preference shares of C.I.G. have been exercised to date in 1965.

No options to purchase shares of Amalgamated have been granted to date and no options to purchase shares of any of the companies amalgamating into Amalgamated were granted or exercised since the date any of these companies became direct or indirect subsidiaries of C.I.G. Pursuant to the Agreement attached hereto as Exhibit "A" the present outstanding employee stock options granted by C.I.G. are to be converted into employee stock options to be granted by Amalgamated.

DESCRIPTION OF AMALGAMATED COMMON SHARES

The provisions of the Memorandum of Association of Canadian Industrial Gas & Oil Ltd. contained in the Agreement of Amalgamation authorize a total common share capital of 6,000,000 Common Shares without par value, which may be issued for a consideration not in excess of \$50,000,000. As of March 8, 1965,

4,219,413 Common Shares were outstanding of which 3,667,822 were owned by Canadian Industrial Gas Limited; 145,893 Common Shares were reserved for issuance upon the effectuation of the Arrangement; 367,012 Common Shares are reserved for issuance upon conversion of the 458,765 Preferred Shares to be issued in accordance with the Arrangement; and 157,200 shares are to be reserved for issuance upon the exercise of employee stock options to be granted in substitution for options heretofore granted by C.I.G. To the extent that Preferred Shares are converted, the issued number of Common Shares is increased and the issued number of Preferred Shares decreased accordingly.

Holders of Common Shares are entitled to receive such dividends as may be declared by the Board of Directors, to cast one vote for each share owned on all matters submitted to a vote of shareholders, and upon liquidation to share ratably any assets available for distribution to them. Holders of Common Shares have no preemptive or conversion rights, and such shares are not subject to any further calls or assessments.

No cash dividends have been paid by C.I.G. on its Common Shares because it has been the policy of C.I.G. to use its earnings to finance expansion. The payment of future dividends by Amalgamated on its Common Shares in cash or stock will rest within the discretion of the Board of Directors of Amalgamated and will depend, among other things, on earnings, capital requirements, the financial condition of Amalgamated and opportunities for reinvestment.

DESCRIPTION OF AMALGAMATED PREFERRED SHARES

The Memorandum of Association of Amalgamated authorizes the issuance of 500,000 Preferred Shares with a par value of \$10 each. Of the total number of shares authorized, 458,765 Preferred Shares will be issued to the preference shareholders of C.I.G. upon the consummation of the Arrangement. Amalgamated has no other plans at the present time for the issuance of any additional Preferred Shares.

Dividend Rights

Holders of the Preferred Shares will be entitled to receive an annual cumulative cash dividend of 55¢ per share, payable semi-annually on January 1 and July 1, before any cash dividends are paid on the Common Shares of Amalgamated. Dividends on the Preferred Shares shall accrue and be cumulative from such date or dates as may in the case of each issue be determined by the Board of Directors but not later than 6 months from the respective dates of issue. In addition to these provisions governing dividends on the Preferred Shares it is specifically provided that the dividend payable on July 1, 1965, if and when declared, shall be 27½¢ per share. If and so long as Amalgamated is in default with respect to any dividends payable on Preferred Shares, it may not pay any dividends (other than dividends payable in Common Shares) on its Common Shares. Subject to the foregoing, holders of Common Shares are entitled to receive such dividends as may be declared by the Board of Directors of Amalgamated.

Voting Rights

The holders of Preferred Shares are entitled to one vote per share on all matters upon which shareholders generally have the right to vote, voting together with the Common Shares as one class except where voting by class is required by The Companies Act of Alberta or by the document of incorporation of Amalgamated. Without the affirmative vote of the holders of at least three-fourths of the Preferred Shares present or represented by proxy at a separate General Meeting of the Preferred Shareholders of Amalgamated, Amalgamated may not vary any preference, right, condition, restriction, limitation or prohibition attaching to the Preferred Shares or create any preferred shares ranking in priority to or on a parity with the Preferred Shares.

Non-Cumulative Voting

Holders of the Preferred Shares and the Common Shares will not have cumulative voting rights, which means that the holders of more than 50% of the Preferred Shares and Common Shares voting for the election of directors can elect 100% of the directors, if they choose to do so, and in such event the holders of the remaining less than 50% of the shares voted for the election of directors would not be able to elect any person or persons to the Board of Directors.

Conversion Rights

Each 5 Preferred Shares will be convertible into 4 full Common Shares, at the option of the holder thereof at any time up to July 1, 1973. Upon conversion of any Preferred Shares, no adjustments or payment will be made by Amalgamated with respect to accrued dividends or otherwise except that where such conversion right is exercised after payment of any dividend in Common Shares of Amalgamated, or in Common Shares or cash, at the option of the Common Shareholders, the Preferred Shareholder exercising such conversion right shall be entitled to receive such additional number of shares as would have been payable had he exercised such conversion right prior to the record date for the payment of such dividend.

In the event of a subdivision of the Common Shares into a greater number and/or different class or classes of shares or the consolidation of the Common Shares into a smaller number and/or a different class or classes of shares, the holder of any Preferred Shares exercising the conversion right attaching thereto shall be entitled to such additional or lesser number and/or different class or classes of shares as would have resulted from such subdivision or consolidation if the right of conversion had been exercised prior to the date thereof.

In the event of any amalgamation or any sale, transfer or distribution of all or substantially all of Amalgamated's assets by way of arrangement or otherwise, with or to any other company before July 1, 1973, there shall be substituted for the Common Shares issuable upon conversion of the Preferred Shares such shares, securities or assets which would have been issuable or payable to the holders of such Preferred Shares if the right of conversion had been exercised prior to the date of such amalgamation, sale, transfer or distribution of assets.

Upon any conversion of Preferred Shares, the number of authorized and issued Preferred Shares affected by the conversion will be decreased accordingly and the number of authorized and issued Common Shares affected by the conversion shall be increased accordingly. No adjustment of the conversion rate will be made by reason of the issuance of Common Shares for cash, property or services. No fraction of a Common Share will be issued upon any conversion, but in lieu thereof the converting shareholder shall be issued non-voting and non-dividend bearing, transferable Scrip Certificates. Upon presentation to the Registrar of the Common Shares of the Company at its principal office in Calgary, Alberta, Canada of bearer Scrip Certificates for fractions that together represent a whole Common Share, a share certificate representing a whole Common Share shall be issued in exchange therefor. Such Scrip Certificates shall be issued in such form and be subject to such further terms and conditions as may be authorized by the Board of Directors.

The right of conversion may be exercised at any time prior to 12:00 Noon, Toronto Time, on July 1, 1973. In the event of dissolution, liquidation, winding-up or other distribution of assets to shareholders by way of repayment of capital or otherwise, such right of conversion shall cease and expire at 12:00 Noon, Toronto time, on the 15th day next preceding the date of such liquidation, dissolution, winding-up or other distribution of assets.

Reissue of Converted Preferred Shares

Preferred Shares which have been converted into Common Shares do not revert back to the Company in any manner, but are truly converted both as authorized and issued Preferred shares into Common shares.

Preemptive Rights

No holder of Preferred Shares will be entitled as a matter of right as such holder to subscribe for or purchase any shares, obligations, warrants or other securities of Amalgamated.

Redemption Provisions and Liquidation

Preferred Shares may be redeemed in whole or in part by Amalgamated at any time after June 30, 1973 on payment for each share to be redeemed of the amount paid up thereon plus all unpaid cumulative dividends accrued thereon. Not less than 15 days' written notice shall be given of such intention to redeem

and dividends on the Preferred Shares to be redeemed shall cease upon the date fixed for such redemption. In addition, Amalgamated may at any time purchase for cancellation all or any part of the Preferred Shares in the open market or by tender or otherwise at the lowest price at which, in the opinion of the directors, such shares are obtainable, but not exceeding 120% of the amount paid up thereon plus unpaid dividends which shall have accrued to the date of purchase. In the event of the dissolution, liquidation, winding-up or other distribution of assets of Amalgamated among its shareholders, the holders of the Preferred Shares of Amalgamated shall be entitled to receive 110% of the amount paid up thereon plus all unpaid cumulative dividends accrued to the date of such distribution, prior to any distribution to the holders of Common Shares or any other shares of Amalgamated ranking junior to the Preferred Shares as to assets. There is no sinking fund applicable to the Preferred Shares. There is no restriction on the repurchase or redemption of the Preferred Shares by Amalgamated while there is an arrearage in the payment of dividends other than the obligation of the Company to pay unpaid cumulative dividends to the holders of such repurchased or redeemed shares.

Comparison with Canadian Industrial Gas Limited Preference Shares

The Preferred Shares of Amalgamated are identical in all respects with the Preference Shares of C.I.G. with the exceptions that (a) the Certificate of Amalgamation does not authorize the purchase of fractional scrip certificates by Amalgamated or the consolidation of such certificates into whole shares and the sale thereof by Amalgamated, as is provided with respect to Preference Shares of C.I.G.; scrip certificates, however will be issued as explained under the heading "Conversion Rights", and (b) a variation of any preference, right, condition, restriction, limitation or prohibition attaching to the C.I.G. Preference Shares or the creation of preference shares ranking in priority or a parity with C.I.G. Preference Shares requires only a two-thirds vote of the Preference Shares present at a meeting of the C.I.G. Preference Shareholders, as compared with a vote of the holders of three-fourths of the Preferred Shares of Amalgamated present at a meeting of the Amalgamated Preferred Shareholders with respect to any such action.

RIGHTS OF DISSENTING SHAREHOLDERS

Canadian Industrial Gas Limited

If dissenting votes are cast at the meeting of shareholders at which the Arrangement is authorized and agreed to, C.I.G. is required by Section 95 of The Corporations Act (Ontario), unless the Supreme Court of Ontario in its discretion otherwise orders, to notify any dissenting shareholder in such manner as the Court directs of the time and place when application will be made to it for the sanction of the Arrangement, and such shareholders will be given an opportunity to appear before such Court and present their objections. The Court in its discretion may decline to sanction the Arrangement or may provide for determination of the rights of dissenting shareholders. Dissenting shareholders are not entitled as of right to receive the appraised value of their shares. Only shareholders voting against the proposed Arrangement will be considered dissenting shareholders for the purpose of the foregoing statute. A statutory right of appeal of any order made under the provisions of The Corporations Act (Ontario) lies to the Court of Appeal of Ontario. Notice of appeal should be filed within a period of fifteen days from the date upon which the Court order is issued.

Canadian Industrial Gas & Oil Ltd.

The shareholders of Canadian Industrial Gas & Oil Ltd. are not entitled to vote upon the proposed Arrangement and do not therefore come within the class of persons entitled to dissent from said Arrangement within the meaning of the applicable statutes of the Provinces of Ontario or Alberta.

MISCELLANEOUS

The individuals named in the proxy were designated by the Board of Directors of the Company. A shareholder who executes a proxy retains the right to revoke it at any time before it is exercised.

Shares represented by proxy will be voted in accordance with the wishes of the shareholders as recorded on the proxies completed by them. If, however, no direction is given on the signed proxies, they will be voted in favour of the resolution.

The Company will bear the cost of the solicitation of proxies. In addition to the use of mails, proxies may be solicited by directors, officers and regularly engaged employees of the Company by personal interview, telephone, and telegraph, and it is anticipated that banks, brokerage houses and other custodians, nominees and fiduciaries, will be requested to forward the soliciting material to their principals and to obtain authorization for the execution of proxies and will be reimbursed for their out-of-pocket expenses incurred in connection therewith.

The management does not know of any matters to be brought before the Meeting other than those set out specifically in the Notice. If any other matters are properly brought before the Meeting, it is the intention of the persons named in the enclosed proxy to vote on such matters in accordance with their judgment.

Calgary, Alberta, Canada.

April 19, 1965.

By Order of the Board of Directors

STEWART R. DYCKMAN,

Vice-President

EFFECT OF TRANSACTION

PRO-FORMA DEBT AND CAPITALIZATION

The debt and capitalization of the Company and its subsidiaries as of December 31, 1964 and as adjusted to give effect to the transactions described in Note "A" to the Pro-Forma Consolidated Balance Sheet and Pro-Forma Consolidated Statement of Income (page 35) are set out in the table below:

	Amount Authorized or to be Authorized	Amount Outstanding at December 31, 1964	Amount to be outstanding after giving effect to the transactions described in Note "A" to the Pro-Forma Consolidated Balance Sheet and Pro-Forma Consolidated Statement of Income
CANADIAN INDUSTRIAL GAS & OIL LTD.			
CAPITAL STOCK			
5½% preferred shares — \$10 par value	500,000 shares	—	458,765 shares
Common shares — no par value	6,000,000 shares	—	4,365,306 shares
CANADIAN INDUSTRIAL GAS LIMITED			
LONG TERM OBLIGATIONS			
5¾% Bank loan against which certain assets are pledged	\$11,500,000	\$10,787,858	\$10,787,858*
6% Note payable in quarterly instalments of \$16,770	184,467	167,697	167,697*
7% First mortgage bonds issued by Prairie Gas Ltd. (a wholly owned subsidiary) due May 15, 1981 (sinking fund payments commence in 1967)	200,000	200,000	200,000*
6¾% Secured loan repayable \$600 monthly	21,600	21,600	21,600*
6% Secured debenture repayable \$19,500 quarterly commencing in 1967	175,000	175,000	175,000*
CAPITAL STOCK			
5½% preference shares — \$10 par value	500,000 shares	458,765 shares	—
Common shares	6,000,000 shares	3,813,715 shares	—
MEDALLION PETROLEUMS LIMITED			
LONG TERM OBLIGATIONS			
5¾% Bank loan repayable in monthly instalments of \$50,000 — secured by producing properties	2,900,000	2,300,000	2,300,000*
CAPITAL STOCK			
Common shares — \$1.25 par value	7,000,000 shares	5,464,600 shares	—
PAMOL LIMITED			
LONG TERM OBLIGATIONS			
5% Redeemable sinking fund debentures subject to annual sinking fund payments of \$100,000	4,000,000	400,000	400,000*
CAPITAL STOCK			
Common shares — 20¢ par value	15,000,000 shares	8,520,000 shares	—
MID-WESTERN INDUSTRIAL GAS LTD.			
LONG TERM OBLIGATIONS			
5% Sinking fund secured notes due April 1, 1970 subject to annual sinking fund payments of \$150,000	2,000,000	879,500	879,500*
5¾% Bank loan repayable in monthly instalments of \$15,000 — secured by producing properties	470,000	270,000	270,000*
6¼% Office building mortgage repayable in monthly instalments to January 1974	140,000	100,680	100,680*
CAPITAL STOCK			
Common shares — no par value	4,000,000 shares	3,179,760 shares	—

*Represent long term debt obligations of Canadian Industrial Gas & Oil Ltd. and its subsidiary companies.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Shareholders of
Canadian Industrial Gas Limited.

We have examined the accompanying consolidated balance sheet of Canadian Industrial Gas Limited and its subsidiaries at December 31, 1964, the related consolidated statement of income for the five years ended December 31, 1964 and the related consolidated statements of earned surplus and paid-in surplus for the three years ended December 31, 1964. Except in the case of certain subsidiaries referred to below, our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. The accounts of Prairie Gas Ltd. for 1960 and the accounts of Medallion Petroleum Limited, Mid-Western Industrial Gas Ltd. and Pamoil Limited for the years for which their figures are included, were examined by other public accountants and are included in the consolidated statements on the basis of their reports.

In our opinion, based on our examination and the reports of other public accountants referred to above, the statements mentioned above present fairly the consolidated financial position of Canadian Industrial Gas Limited and its subsidiaries at December 31, 1964 and the consolidated results of their operations for the five years then ended, in conformity with generally accepted accounting principles applied on a consistent basis during the period.

We have also reviewed the application of the pro-forma adjustments explained in Notes A and B and, in our opinion, such pro-forma adjustments have been properly applied in the pro-forma consolidated financial statements on the bases described therein.

Calgary, Canada.
March 10, 1965.

CLARKSON, GORDON & CO.

CANADIAN INDUSTRIAL GAS LIMITED
and its subsidiaries
CONSOLIDATED STATEMENT OF INCOME
For The Five Years Ended December 31, 1964

and
CANADIAN INDUSTRIAL GAS & OIL LTD.
PRO FORMA CONSOLIDATED STATEMENT OF INCOME
For The Year Ended December 31, 1964 (Notes A and B)
(Canadian Dollars)

	Years ended December 31				Canadian Industrial Gas & Oil Ltd. Pro Forma Consolidated Year Ended December 31, 1964 (Notes A and B)
	1960	1961	1962	1963	1964
Sales, service and other operating income after royalties	\$4,569,009	\$5,071,243	\$6,245,905	\$8,904,962	\$12,651,543
Deduct:					
Gas and merchandise purchased	837,902	836,865	1,293,673	1,801,303	2,516,295
Selling, operating and administrative expenses	1,379,837	1,375,407	1,784,945	2,660,501	3,813,640
Depreciation and depletion	1,147,148	1,232,714	1,251,631	1,621,025	2,638,140
Unproductive exploration, dry holes and abandoned properties	523,825	572,594	731,352	794,447	856,096
Lease rentals on undeveloped properties	208,415	152,104	135,774	194,454	296,042
Amortization of reorganization expenses, etc.	10,537	11,154	5,985	4,913	5,027
	4,107,664	4,180,838	5,203,360	7,076,643	10,125,240
Income before other income and deductions	461,345	890,405	1,042,545	1,828,319	2,526,303
Other income less (other deductions):					
Profit (loss) on sale of fixed assets and investments	50,403	105,334	(32,661)	14,254	8,176
Interest on bank loans and other long term debt	(174,760)	(165,155)	(144,865)	(352,889)	(724,223)
Interest and other income	103,394	97,303	132,421	139,523	162,622
	(20,963)	37,482	(45,105)	(199,112)	(517,797)
Income before income taxes	440,382	927,887	997,440	1,629,207	2,008,506
Income taxes of subsidiaries (Note 6)	20,999	77,690	63,723	55,350	20,803
Share of profits and losses of fifty percent owned companies	419,383	850,197	933,717	1,573,857	1,987,703
Minority interest in income of subsidiaries (Note 2)	(26,223)	6,287	10,786	11,400	(1,458)
		(72,543)	(73,745)	(170,553)	(260,793)
Net income before extraordinary items	393,160	783,941	870,758	1,414,704	1,725,452
Extraordinary items (Note 2):					
Amounts written off investments in affiliated and subsidiary companies				(236,793)*	
Profit on sale of investment less applicable bank loan interest					211,590*
Net income	\$ 393,160	\$ 783,941	\$ 870,758	\$1,177,911	\$ 1,937,042
Less dividend requirements on preference shares				105,134	252,321
Net income applicable to common stock (Note 2)	\$ 393,160	\$ 783,941	\$ 870,758	\$1,072,777	\$ 1,684,721
Net income per share applicable to common stock (Note 2)	\$.12	\$.24	\$.26	\$.29	\$.44
Extraordinary items represent \$(.08), \$.05 and \$.06 per share in 1963, 1964 and Pro Forma 1964 respectively — see Note 2.)					
*Excludes minority interest.					\$.46

(See accompanying notes)

CANADIAN INDUSTRIAL GAS LIMITED

and its subsidiaries

CONSOLIDATED BALANCE SHEET

and

CANADIAN INDUSTRIAL GAS & OIL LTD.

PRO FORMA CONSOLIDATED BALANCE SHEET (NOTE A)

DECEMBER 31, 1964

(Canadian Dollars)

Assets

Consolidated Balance Sheet	Adjustments Added (Deduct)	Canadian Industrial Gas & Oil Ltd. Pro Forma Consolidated Balance Sheet (Note A)
Cash		\$ 1,098,665
Short term investments at cost which approximates market		1,233,280
Accounts receivable		2,259,929
Inventories of merchandise and supplies at the lower of average cost or market		478,576
Prepaid expenses and deposits		199,182
Total current assets		5,269,632

CURRENT:

Cash	\$ 1,098,665	Accounts payable	\$ 1,502,705	Canadian Industrial Gas & Oil Ltd. Pro Forma Consolidated Balance Sheet (Note A)
Short term investments at cost which approximates market	1,233,280	Dividend payable January 1, 1965	126,160	
Accounts receivable	2,259,929	Current maturities of bank loans and other long term debt (Note 3)	1,027,619	1,027,619
Inventories of merchandise and supplies at the lower of average cost or market	478,576	Total current liabilities	2,656,484	2,656,484
Prepaid expenses and deposits	199,182			
Total current assets	5,269,632			

INVESTMENTS (no market quotations):

Fifty percent owned companies — shares at cost and advances	145,084	DEFERRED RENTAL INCOME	252,976	252,976
Other companies, at cost — Debentures	1,746,375			
Shares	188,989	MINORITY INTEREST IN SUBSIDIARIES	3,084,373	\$(3,037,517)
	2,080,448			46,856

Liabilities

Consolidated Balance Sheet	Adjustments Added (Deduct)	Canadian Industrial Gas & Oil Ltd. Pro Forma Consolidated Balance Sheet (Note A)

CURRENT:

Accounts payable	\$ 1,502,705	LONG TERM DEBT (Note 3)	14,260,216
Dividend payable January 1, 1965	126,160		
Current maturities of bank loans and other long term debt (Note 3)	1,027,619		
Total current liabilities	2,656,484		

LONG TERM DEBT (Note 3)

14,260,216

DEFERRED RENTAL INCOME

252,976

MINORITY INTEREST

46,856

\$(3,037,517)

FIXED AT COST:

Gas and oil properties and equipment	40,933,674
Pipeline systems and processing plants	8,606,108
Propane marketing equipment	4,436,280
	<u>53,976,062</u>
Less accumulated depreciation and depletion	19,846,074
	<u>34,129,988</u>

SHAREHOLDERS' EQUITY:

Capital — Canadian Industrial Gas Limited (Note 4) —	40,933,674		
Authorized —			
500,000 5¼% cumulative redeemable convertible preference shares of a par value of \$10 each	8,606,108		
	<u>4,436,280</u>		
6,000,000 common shares without par value	53,976,062		
	<u>19,846,074</u>		
	<u>34,129,988</u>		
Issued —			
458,765 preference shares —	4,587,650	(4,587,650)	
3,813,715 common shares —	11,173,451	(11,173,451)	
Pro Forma capital — Canadian Industrial Gas & Oil Ltd. —			
To be authorized —			
500,000 5¼% cumulative redeemable convertible preferred shares of a par value of \$10 each			
6,000,000 common shares without par value			
To be issued —			
458,765 preferred shares	4,587,650	4,587,650	4,587,650
4,365,306 common shares	{ 2,235,748 }	{ 11,173,451 }	13,409,199
Paid-in surplus	900,483	362,891	1,263,374
Earned surplus	4,564,435	438,878	5,003,313
	<u>21,226,019</u>		<u>24,263,536</u>
	<u>\$41,480,068</u>		<u>\$41,480,068</u>

(See accompanying notes)

CANADIAN INDUSTRIAL GAS LIMITED

PRO-FORMA BALANCE SHEET

December 31, 1964

IMMEDIATELY PRIOR TO DISSOLUTION (NOTE A)

(Canadian Dollars)

Assets

Investment in shares of Canadian Industrial Gas & Oil Ltd. —	
458,765 5½% preferred shares _____	\$ 4,587,650
3,813,715 common shares _____	24,909,302
	<u>29,496,952</u>
Less excess of appraised value over carrying value of net assets sold to Canadian Industrial Gas & Oil Ltd. _____	8,270,933
	<u><u>\$21,226,019</u></u>

Shareholders' Equity

Capital —	
Authorized — 500,000 5½% cumulative redeemable convertible preference shares par value \$10 each	
6,000,000 common shares without par value	
Issued — 458,765 preference shares _____	\$ 4,587,650
3,813,715 common shares _____	11,173,451
Paid-in surplus _____	900,483
Earned surplus _____	4,564,435
	<u><u>\$21,226,019</u></u>

CANADIAN INDUSTRIAL GAS LIMITED
and its subsidiaries
CONSOLIDATED STATEMENT OF EARNED SURPLUS
FOR THE THREE YEARS ENDED DECEMBER 31, 1964
(Canadian Dollars)

	Years ended December 31		
	1962	1963	1964
Balance at beginning of year	\$ 476,164	\$ 1,806,937	\$ 2,879,714
Add (Deduct):			
Earned surplus of Medallion Petroleums Limited (Note 2)	460,015*		
Net income for the year	870,758	1,177,911	1,937,042
Dividends on preference shares		(105,134)	(252,321)
Balance at end of year	<u>\$ 1,806,937</u>	<u>\$ 2,879,714</u>	<u>\$ 4,564,435</u>

*Excludes minority interest.

(See accompanying notes)

CONSOLIDATED STATEMENT OF PAID IN SURPLUS
FOR THE THREE YEARS ENDED DECEMBER 31, 1964
(Canadian Dollars)

	Years ended December 31		
	1962	1963	1964
Balance at beginning of year	\$ 524,408	\$ 416,249	\$ 917,243
Add (Deduct):			
Paid in surplus of Medallion Petroleums Limited less adjustments to reflect pooling of interests (Note 2)	(784,988)*		
Premium on shares issued less expenses:			
Canadian Industrial Gas Limited	150,000	475,080	
Medallion Petroleums Limited	526,829*	25,914*	95,289*
Expenses in connection with share exchanges (Note 2)			(112,049)
Balance at end of year	<u>\$ 416,249</u>	<u>\$ 917,243</u>	<u>\$ 900,483</u>

*Excludes minority interest.

(See accompanying notes)

CANADIAN INDUSTRIAL GAS LIMITED

and its subsidiaries

NOTES TO FINANCIAL STATEMENTS

December 31, 1964

1. Principles of Consolidation

The consolidated financial statements for the year ended December 31, 1964 include the accounts of Canadian Industrial Gas Limited and all its subsidiaries. The excess (\$4,019,683) of the cost of shares of purchased subsidiaries over the net book value of their assets at dates of acquisition is included in fixed assets in the accompanying consolidated balance sheet and is being systematically amortized over the estimated useful life of the assets to which such excess applies.

2. Acquisitions

During the five years ended December 31, 1964 the following subsidiaries were acquired:

1961 — Prairie Gas Ltd.

1962 — Reliable Propane Ltd., Western Propane Ltd. and Cigas Products Ltd.

1963 — Northern Gas Ltd. and Pamoil Limited

1964 — Industrial Propane Ltd., Mid-Western Industrial Gas Ltd. and Medallion Petroleums Limited

The operating results of each of the above companies are included in the Consolidated Statement of Income from the respective dates of acquisition except for Prairie Gas Ltd. and Medallion Petroleums Limited, which acquisitions have been accounted for on a pooling of interests basis and whose operating results are, therefore, included for the whole of the period.

Because of changes in year end, the operations of Prairie Gas Ltd. for its fiscal year ended July 31, 1960 are included in the Consolidated Statement of Income for the year ended December 31, 1960. The sales and net income of Prairie Gas Ltd. during the period August 1 to December 31, 1960 were not significantly different from the comparable 1959 period. Similarly, the operations of Medallion Petroleums Limited for its fiscal years ended February 28, 1961 and 1962 are included in the Consolidated Statement of Income for the years ended December 31, 1960 and 1961 and the consolidated income for 1962 includes Medallion Petroleums Limited for its 10 month period ended December 31, 1962 plus two-twelfths of its year ended February 28, 1962.

Sales, service and other operating income, after royalties, of Pamoil and Mid-Western for their last three fiscal periods were as follows:

	Year ended April 30, 1963	Eight months ended December 31, 1963	Year ended December 31, 1964
Pamoil	<u>\$1,337,849</u>	<u>\$ 947,709</u>	<u>\$1,418,635</u>
<hr/>			
	Years ended December 31		
	<u>1962</u>	<u>1963</u>	<u>1964</u>
Mid-Western	<u>\$2,298,775</u>	<u>\$2,382,169</u>	<u>\$2,201,820</u>

The following items of non-recurring income and (deductions) have been included in the Consolidated Statement of Income and Pro-Forma Consolidated Statement of Income:

Year ended December 31	Description	Amount		Per share applicable to common stock
		Total	Excluding minority interest	
1963	Amounts written off investments in affiliated and subsidiary companies	\$ (267,911)	\$ (236,793)	\$ (.08)
1964	Profit on sale of investment less applicable bank loan interest	\$ 253,040	\$ 211,590	\$.05
1964 Pro Forma	Profit on sale of investment less applicable bank loan interest	\$ 253,040	\$ 253,040	\$.06

Net income per share is based on the number of shares outstanding at the end of the respective years, except retroactive effect has been given to the shares issued during 1961 and 1964 upon the acquisitions of Prairie Gas Ltd. and Medallion Petroleums Limited.

3. Long Term Debt

	<u>Maturity Date</u>	<u>Amount</u>
Canadian Industrial Gas Limited —		
5¾% bank loan against which certain assets are pledged — although the loan is payable on demand, the bank has agreed to accept repayment from the proceeds of future long term financing		\$10,787,858
6% note payable in quarterly instalments of \$16,770	1967	167,697
Medallion Petroleums Limited —		
5¾% bank loan repayable in monthly instalments of \$50,000 — secured by producing properties	1968	2,300,000
Mid-Western Industrial Gas Ltd. —		
5% sinking fund secured notes subject to annual sinking fund payments of \$150,000	1970	879,500
5¾% bank loan repayable in monthly instalments of \$15,000 — secured by producing properties	1966	270,000
6½% mortgage repayable in monthly instalments of \$695	1974	100,680
Pamoil Limited —		
5% redeemable sinking fund debentures subject to annual sinking fund payments of \$100,000	1967	400,000
Prairie Gas Ltd. —		
7% first mortgage sinking fund bonds subject to annual sinking fund payments of \$8,000 from 1967 to 1971 and \$16,000 from 1972 to 1981	1981	200,000
6¾% secured loan repayable \$600 monthly	1967	21,600
Industrial Propane Ltd. —		
6% secured debenture repayable \$19,500 quarterly commencing in 1967	1969	175,000
		<u>15,302,335</u>

3. Long Term Debt (Continued)

	<u>Amount</u>
Deduct:	
5% sinking fund secured notes purchased for sinking fund	14,500
Current maturities included in current liabilities	1,027,619
	<u>1,042,119</u>
	<u>\$14,260,216</u>

Long term debt maturities and sinking fund requirements for each of the five years subsequent to December 31, 1964, excluding future long term financing required to repay the 5¾% bank loan of Canadian Industrial Gas Limited, are as follows: 1965 — \$1,028,000; 1966 — \$1,023,000; 1967 — \$1,046,000; 1968 — \$745,000; 1969 — \$225,000.

4. Capital

By Supplementary Letters Patent dated July 30, 1964 the Company increased its authorized common share capital from 2,000,000 common shares without par value to 6,000,000 common shares without par value.

The preference shares are convertible into common shares until July 1, 1973 at the rate of four common shares for five preference shares after which date the preference shares are redeemable at par. To the extent that preference shares are converted, the authorized number of common shares is increased and the authorized number of preference shares decreased accordingly.

During 1964 3,000 common shares were issued on exercise of stock options for a cash consideration of \$25,000 and 2,464,620 common shares (recorded at \$7,712,963) were issued in exchange for shares of Medallion Petroleums Limited, Mid-Western Industrial Gas Ltd. and Pamoil Limited (see Note 2).

At December 31, 1964 options were outstanding to purchase 157,200 common shares as follows:

- (a) 29,700 shares granted to an officer on October 2, 1959 and August 4, 1960, exercisable 5,000 shares annually on a cumulative basis and expiring on August 31, 1965.
- (b) 1,000 shares granted to an officer on June 2, 1960 under an employees' stock option plan exercisable 500 shares annually on a cumulative basis from June 2, 1961 and expiring on June 2, 1967.
- (c) 1,500 shares granted to an officer on April 7, 1961 under an employees' stock option plan exercisable 500 shares annually on a cumulative basis from April 7, 1962 and expiring on April 7, 1966.
- (d) 20,000 shares granted to an officer and an employee on June 7, 1961 exercisable 4,000 shares annually on a cumulative basis from June 7, 1962 and expiring on June 7, 1967.
- (e) 20,000 shares granted to officers on May 17, 1962 and December 12, 1962 under an employees' stock option plan exercisable 4,000 shares annually on a cumulative basis from 1963 and expiring in 1968.
- (f) 50,000 shares granted, subject to the approval of shareholders and regulatory bodies, to an officer on July 30, 1964 under an employees' stock option plan exercisable 10,000 shares annually on a cumulative basis from August 1, 1965 and expiring August 1, 1970.
- (g) 35,000 shares granted, subject to the approval of shareholders and regulatory bodies, to officers on July 30, 1964 under an employees' stock option plan exercisable 7,000 shares annually on a cumulative basis from August 1, 1965 and expiring on August 1, 1970.

No charges are reflected in income with respect to any of the above options.

4. Capital (Continued)

SUMMARY OF OPTIONS

	Number of shares	Option price			Market price at date granted	
		Per share	Total		Per share	Total
(i) Shares under option at December 31, 1964:						
Under (a)	29,700	\$ 5.00	\$ 148,500	(8)	\$ 3.89	\$ 115,375
Under (b)	1,000	5.00	5,000		3.85	3,850
Under (c)	1,500	5.00	7,500		8.00	12,000
Under (d)	20,000	10.00	200,000		9.00	180,000
Under (e)	20,000	10.00	200,000	(8)	9.17	183,400
Under (f)	50,000	10.00	500,000		10.00	500,000
Under (g)	35,000	10.00	350,000		10.00	350,000
	<u>157,200</u>					
(ii) Options which became exercisable during the three years ended December 31, 1964:					Market price at date exercisable	
Under (a)	15,000	5.00	75,000	(8)	8.748	131,225
Under (b)	500	5.00	5,000		8.000	8,000
Under (c)	1,000	5.00	5,000	(8)	9.062	9,062
Under (d)	12,000	10.00	120,000	(8)	9.500	114,000
Under (e)	8,000	10.00	80,000	(8)	9.860	78,874
(1)	200	5.00	1,000	(8)	8.620	1,724
(2)	400	5.00	2,000		8.000	3,200
(iii) Options exercised during the three years ended December 31, 1964:					Market price at date exercised	
1962 —	Nil		Nil			Nil
1963 —						
Under (b)	3,000	5.00	15,000	(8)	9.250	27,750
Under (c)	1,000	5.00	5,000		9.250	9,250
(1)	200	5.00	1,000	(8)	9.565	1,913
(3)	200,000	5.00	1,000,000		9.500	1,900,000
(4)	10,000	6.00	60,000		9.250	92,500
(5)	10,000	5.00	50,000		9.250	92,500
(6)	800	5.00	4,000		9.875	7,700
	<u>225,000</u>		<u>1,135,000</u>			<u>2,131,613</u>
1964 —						
Under (b)	1,000	5.00	5,000		10.375	10,375
(7)	2,000	10.00	20,000		11.750	23,500
	<u>3,000</u>		<u>25,000</u>			<u>33,875</u>

- (1) Represents portion of an option granted to an employee on April 7, 1961 for 500 shares and exercised on March 12, 1963 and June 14, 1963. The option on the remaining 300 shares was cancelled upon termination of employment. The market price at date of grant was \$8 per share.
- (2) Represents portion of an option granted to an employee on June 2, 1960 which was cancelled upon termination of employment.
- (3) Represents options granted to International Utilities Corporation exercised on January 4, 1963. The market price at date of grant was \$3.90 per share.
- (4) Represents options granted to Empire Resources Corporation exercised on June 14, 1963. The market price at date of grant was \$3.75 per share.
- (5) Represents an option granted to an officer exercised on August 23, 1963. The market price at date of grant was \$3.75 per share.

- (6) Represents portion of an option for 2,000 shares granted to an employee and exercised on February 19, 1963. The option on the remaining 1,200 shares was cancelled upon termination of employment. The market price at date of grant was \$3.85 per share.
- (7) Represents portion of an option for 10,000 shares granted to an officer and exercised on November 9, 1964. The option on the remaining 8,000 shares was cancelled upon termination of employment. The market price at date of grant was \$10.00 per share.
- (8) Average

The options granted to officers and employees are conditional incentive options and no consideration, other than the option price, has been or will be received for the granting thereof. The options are subject to the officers and employees remaining in the employment of the company.

In addition, 94,500 shares were reserved for granting of options to officers and employees of the Company.

5. Depreciation and Depletion

Except in the case of certain subsidiaries acquired during the year, depreciation of pipeline systems, processing plants, propane marketing and other equipment is provided on a straight line method at rates varying from 3½% to 25%; trucks used in propane marketing are depreciated on the diminishing balance method at 30%. Certain subsidiaries acquired during the year have provided depreciation on a diminishing balance method, however the amounts provided are not significantly different from those which would have resulted had these subsidiaries used the method and rates of Canadian Industrial Gas Limited and its other subsidiaries.

Depletion of property acquisition costs, exploration expenditures and productive drilling costs is provided on a unit of production method based on estimated reserves.

6. Income Taxes

It is the practice of the Company and its subsidiaries engaged in exploration and development to capitalize property acquisition costs, exploration expenditures and productive drilling costs. Under Canadian income tax law, such expenditures are deductible from income in the year incurred or, if expenditures exceed income for the year, the excess may be carried forward to subsequent years. As a result, income taxes for each of the five years ended December 31, 1964 have been substantially reduced and an excess (\$3,302,933) of such expenditures remains to be carried forward and applied against future taxable income. In addition the companies claim depreciation for income tax purposes in excess of the amounts recorded in the accounts. At December 31, 1964 the net book value of depreciable fixed assets exceeds the amount upon which depreciation will be allowed for income tax purpose in the future by \$708,873.

7. Retirement Plan

The retirement plan became effective on April 1, 1957 and is available to all permanent employees of the Company and its Canadian subsidiaries after one year's continuous service. Employees contribute 5% of their regular earnings and the balance of the cost of future service pensions specified as payable under the plan is borne by the companies. Employees are allowed, at their option, to make certain additional contributions to increase their pensions. The employees' and the Company's contributions are paid to an insurance company which is underwriting the plan. The Company's contributions become vested in the employees at periodic intervals based on the employees' length of service, ranging from 25% after 5 years service to 100% after 20 years service. The plan may be discontinued at any time and no liability exists in respect of either past service benefits or presently retired employees. During the three years ended December 31, 1964 the company contributed the following amounts toward the retirement plan:

1962 — \$5,443; 1963 — \$7,420 and 1964 — \$8,586

8. Supplementary Profit and Loss Information

Substantially all of the expenditures with respect to maintenance and repairs, taxes other than income taxes, management and service contract fees and rents and royalties are included in selling, operating and administrative expenses and the details of this information cannot be readily segregated.

CANADIAN INDUSTRIAL GAS & OIL LTD.
NOTES TO PRO-FORMA CONSOLIDATED BALANCE SHEET
AND
PRO-FORMA CONSOLIDATED STATEMENT OF INCOME
December 31, 1964

A. The pro-forma consolidated balance sheet and consolidated statement of income give effect to the following transactions:

1. The statutory amalgamation on March 8, 1965 of three subsidiaries of Canadian Industrial Gas Limited — Pamoil Limited, Mid-Western Industrial Gas Ltd. and Medallion Petroleums Limited (including certain of Medallion's wholly and majority owned subsidiaries) — into a new corporation, Canadian Industrial Gas & Oil Ltd. This amalgamation had no effect on the Consolidated Balance Sheet and Consolidated Statement of Income.
2. The distribution by Canadian Industrial Gas & Oil Ltd. of shares of its capital stock to all shareholders (including Canadian Industrial Gas Limited) of the companies forming part of the amalgamation in the ratio of one common share for each 14.9 shares of Pamoil, 3.3 shares of Mid-Western, 2.1 shares of Medallion, 13.0 shares of Alberta Pacific Consolidated Oils, Limited and 6.1 shares of Medpath Petroleums Ltd., the latter two companies being majority owned subsidiaries of Medallion. This transaction had no effect on the Consolidated Balance Sheet and Consolidated Statement of Income.
3. The sale by Canadian Industrial Gas Limited in 1965, of all its assets and undertakings (excluding its investment in Canadian Industrial Gas & Oil Ltd. and bank loans amounting to \$5,000,000), to Canadian Industrial Gas & Oil Ltd. (its newly formed subsidiary — see A 1 above) in exchange for 458,765 preferred and 145,893 common shares of Canadian Industrial Gas & Oil Ltd. and \$5,000,000 cash. (Canadian Industrial Gas Limited intends to distribute all its assets, consisting solely (after the payment of the bank loan mentioned above) of 458,765 preferred and 3,813,715 common shares of Canadian Industrial Gas & Oil Ltd., to its preferred and common shareholders on the basis of one for one in respect of each class of stock, and thereupon to liquidate. At this point Canadian Industrial Gas & Oil Ltd. stands in the place of Canadian Industrial Gas Limited and the minority interests in the former company become shareholders in the continuing company.)

B. The pro-forma consolidated statement of income for the year ended December 31, 1964 represents:

Consolidated statement of income of Canadian Industrial Gas Limited and its subsidiaries for the year ended December 31, 1964	\$1,684,721
Net income of Mid-Western Industrial Gas Ltd. prior to acquisition (January 1, 1964 to April 30, 1964)	95,404
Depletion of excess purchase consideration on acquisition of Mid-Western Industrial Gas Ltd. for the period January 1, 1964 to April 30, 1964	(83,395)
Reduction of minority interests	296,717
Pro-forma consolidated statement of income for the year ended December 31, 1964	<u><u>\$1,993,447</u></u>

The operations of Industrial Propane Ltd. for the eight months prior to acquisition (January 1, 1964 to August 31, 1964), which are not material are not readily available and have been excluded from the pro-forma consolidated statement of income.

The pro forma net income per share applicable to common stock is based on the 4,365,306 shares of common stock shown in the pro forma consolidated balance sheet.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Directors of
Pamoil Limited.

We have examined the balance sheet of Pamoil Limited as at December 31, 1964 and the related statements of income, retained earnings, and contributed surplus for the fiscal periods ended April 30, 1963, December 31, 1963 and December 31, 1964, and have obtained all the information and explanations we have required. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the company, the balance sheet and the related statements of income, retained earnings and contributed surplus (none of which are presented separately herein) present fairly the financial position of the company at December 31, 1964 and the results of its operations for the fiscal periods ended April 30, 1963, December 31, 1963, and December 31, 1964 in accordance with generally accepted accounting principles consistently applied.

Calgary, Alberta
February 19, 1965.

CHRISTENSON, MORRISON & CO.
Chartered Accountants.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

The Board of Directors,
Medallion Petroleums Limited.

We have examined the consolidated balance sheet of Medallion Petroleums Limited and subsidiary companies as of December 31, 1964, and the related statement of consolidated operations and earned surplus (deficit) for the five fiscal years then ended (not presented separately herein). Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, such financial statements present fairly the financial position of Medallion Petroleums Limited and subsidiary companies consolidated at December 31, 1964, and the results of their operations, consolidated, for the five fiscal years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Calgary, Alberta
February 16, 1965.

PEAT, MARWICK, MITCHELL & CO.
Chartered Accountants.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Directors of
Mid-Western Industrial Gas Ltd.

We have examined the consolidated balance sheet of Mid-Western Industrial Gas Ltd. and its subsidiary companies at December 31, 1964 and the consolidated statements of income and retained earnings for the year ended on that date (not presented separately herein). Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the statements mentioned above present fairly the position of Mid-Western Industrial Gas Ltd. and its subsidiary companies at December 31, 1964 and the results of their operations for the year ended on that date, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Edmonton, Alberta.
March 10, 1965.

CHRISTENSON, MORRISON & CO.
Chartered Accountants.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Directors of
Prairie Gas Ltd.

We have examined the statement of income and earned surplus of Prairie Gas Ltd. for the year ended July 31, 1960 (not presented separately herein). Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. Our examination has not extended to periods subsequent to July 31, 1960.

In our opinion, the statement mentioned above presents fairly the results of operations of Prairie Gas Ltd. for the year ended July 31, 1960, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Regina, Saskatchewan
August 31, 1960.

DELOITTE, PLENDER, HASKINS & SELLS

EXHIBIT "A"

MEMORANDUM OF AGREEMENT made as of this 12th day of March, A.D. 1965.

BETWEEN:

CANADIAN INDUSTRIAL GAS LIMITED, a body corporate, incorporated under the laws of the Province of Ontario, with head office at the City of Toronto in the Province of Ontario (hereinafter called "C.I.G.")

OF THE FIRST PART

— and —

CANADIAN INDUSTRIAL GAS & OIL LTD., a body corporate, incorporated under the laws of the Province of Alberta, with registered office at the City of Calgary in the Province of Alberta (hereinafter called "Amalgamated")

OF THE SECOND PART

WHEREAS the authorized capital of C.I.G. consists of \$5,000,000 divided into 500,000 Preference shares with a par value of \$10.00 each and 6,000,000 Common shares without par value, of which 458,765 Preference shares and 3,813,715 Common shares have been issued as fully paid and non-assessable as at the date hereof; and

WHEREAS the authorized capital of Amalgamated is \$5,000,000 divided into 500,000 Preferred shares with a nominal or par value of \$10.00 each and Amalgamated is also authorized to issue 6,000,000 Common shares without nominal or par value, of which 4,219,413 Common shares have been issued as fully paid and non-assessable as at the date hereof and C.I.G. is the holder of 3,667,822 of such issued Common shares; and

WHEREAS Amalgamated wishes to acquire and C.I.G. wishes to transfer its assets and undertaking to Amalgamated on the terms and subject to the conditions and provisions hereinafter set forth and contained;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the premises and of the mutual covenants of the parties hereto, it is agreed as follows:

1. This agreement is conditional upon C.I.G. obtaining within six (6) months of the date hereof:
 - (i) agreement by at least three-fourths of the shareholders of the Company or of the class or classes of shares affected to an Arrangement between C.I.G. and its shareholders pursuant to Section 95 of The Corporations Act (Ontario) (herein called the "Arrangement") present in person or by proxy at a meeting called and held to consider the Arrangement either as proposed or as varied at the meeting, which Arrangement will be substantially in the form annexed hereto as Schedule "A"; and
 - (ii) the sanction of such Arrangement by the Supreme Court of Ontario (herein called the "Court") as required under The Corporations Act (Ontario), and confirmation of the said Arrangement by Supplementary Letters Patent under Section 95 of The Corporations Act (Ontario), (the date which such Supplementary Letters Patent bear being herein referred to as the "effective date").
2. C.I.G. warrants and represents to Amalgamated that the consolidated balance sheet of C.I.G. and its subsidiaries as at the 31st day of December A.D. 1964 truly sets forth the consolidated financial position of C.I.G. as at the said 31st day of December A.D. 1964 and there has not been and will not be before the effective date any substantial change in the financial position of C.I.G. and its subsidiaries as disclosed by the said balance sheet other than such as shall occur in the normal and ordinary course of the business of C.I.G. and its subsidiaries and other than such as will occur as a result of implementation of and as may be expressly authorized by this agreement.

3. Amalgamated warrants and represents to C.I.G. that the pro-forma consolidated balance sheet of Amalgamated and its subsidiaries as at the 31st day of December 1964 truly sets forth the financial position of Amalgamated as at the said 31st day of December A.D. 1964 on a pro-forma basis; Amalgamated warrants and represents to C.I.G. that there will not be before the effective date any substantial change in the consolidated financial position of Amalgamated and its wholly-owned subsidiaries as disclosed by the said balance sheet other than such as will occur in the normal and ordinary course of the business of Amalgamated and its wholly-owned subsidiaries and other than such as will occur as a result of implementation of and as may be expressly authorized by this agreement.

4. Prior to the effective date neither C.I.G. nor Amalgamated will enter into any contracts or engagements exposing them to any unusual liabilities or obligations except contracts or engagements entered into by them in the ordinary and normal course of their respective businesses, and such as will occur as a result of implementation of and as may be expressly authorized by this agreement.

5. C.I.G. shall transfer, convey, set over and assign to Amalgamated and Amalgamated shall take over all and singular the whole of the undertaking, goodwill, assets and property of C.I.G. (excluding 3,667,822 Common shares of Amalgamated owned by C.I.G.) including without limiting the generality of the foregoing all petroleum and/or natural gas and other mineral properties and interests, petroleum and/or natural gas wells, equipment, buildings, structures, cash on hand and in banks, accounts receivable, actions and causes of actions, inventories and securities subject nevertheless as to all the said properties and assets to the several mortgages, charges, liens and encumbrances affecting the same or any part thereof.

6. The said undertaking, goodwill, assets and property (excluding 3,667,822 Common shares of Amalgamated owned by C.I.G.) shall be transferred, conveyed, set over or assigned to Amalgamated forthwith after the effective date. C.I.G. shall carry on its business in the ordinary course until such time as all of its undertakings, assets and property have been transferred, conveyed, set over or assigned to Amalgamated. Pending the completion of the aforesaid transfers, assignments and conveyances of the assets and undertakings of C.I.G. to Amalgamated, C.I.G. shall hold and receive such assets and its undertaking, and the rents, incomes and profits thereof and any benefit and advantage derived therefrom in trust for Amalgamated, and shall deal with and dispose of the same only in such manner as Amalgamated may in writing direct or prescribe.

7. Amalgamated shall, as of the effective date, assume all of the liabilities and obligations of C.I.G. (excluding the bank indebtedness of C.I.G. to the extent of \$5,000,000) not paid by C.I.G., including but not limited to the fulfillment of the provisions made for any persons who dissent from the Arrangement by the Court, and income taxes including any withholding tax, and shall at all times keep C.I.G. indemnified against such liabilities and obligations. Amalgamated will cancel all the indebtedness, if any, of C.I.G. to Amalgamated existing as to the effective date and will release and discharge C.I.G. from all liability and obligation to Amalgamated in respect thereof.

8. Amalgamated shall pay all costs and expenses of carrying out this agreement and all costs of C.I.G. in carrying out the Arrangement between C.I.G. and its shareholders, and shall pay all costs and expenses of stock transfer taxes, if any, on the distribution of the Preferred and Common shares of Amalgamated, owned by C.I.G. under the terms of the Arrangement to or for the benefit of the shareholders of C.I.G.

9. Amalgamated shall, without investigation or objection, accept such title as C.I.G. has as to all of the real and personal property herein agreed to be transferred to Amalgamated. C.I.G. shall execute and do, at the expense of Amalgamated, all such assurances and things as may be reasonably required by Amalgamated for vesting in it the said real and personal property hereby agreed to be transferred or any part thereof and to give to Amalgamated the full benefit of this Agreement.

10. In consideration of the purchase of the undertaking, goodwill, assets and property of C.I.G. hereunder, Amalgamated shall forthwith after the effective date

- (a) allot and issue, as fully paid and non-assessable, to C.I.G. 458,765 Preferred shares and 145,893 Common shares of its share capital, and

- (b) pay to C.I.G. the sum of \$5,000,000 in cash, such monies being paid specifically for the petroleum and natural gas rights of C.I.G. and in part for the gas purchase and sale contracts of C.I.G., such monies being part of the total purchase price for the assets being purchased hereunder. C.I.G. hereby directs and authorizes Amalgamated to pay the said \$5,000,000 to The Royal Bank of Canada on account of the indebtedness of C.I.G. to the said Bank.

11. Forthwith upon the allotment and issue to C.I.G. of the shares of Amalgamated referred to in paragraph 10, C.I.G. shall proceed diligently and with despatch in the distribution among its shareholders of the Preferred and Common shares of Amalgamated owned by it at such date in accordance with the terms of the Arrangement.

12. Amalgamated and C.I.G. do hereby expressly approve and adopt the Arrangement bearing even date herewith which is by reference incorporated herein and made a part hereof.

13. C.I.G. will promptly apply to a judge of the Court under Section 95 of The Corporations Act (Ontario) for an order directing the calling of a meeting of its shareholders for the purpose of considering and if thought advisable agreeing to, with or without variation, the Arrangement and if and when the Arrangement shall be so approved by the shareholders affected by it in accordance with the provisions of The Corporations Act (Ontario), all appropriate steps and proceedings will be taken to secure an order of a judge of the Court sanctioning the Arrangement. Forthwith thereafter C.I.G. shall and will take all appropriate steps to secure confirmation of the Arrangement by Supplementary Letters Patent under the said Section 95 of The Corporations Act (Ontario) and the surrender of the Charter of C.I.G. under the said Act.

14. Neither Amalgamated nor C.I.G. after the date of this agreement and until consummation or termination thereof, except for the purposes of carrying out this agreement, and in the case of C.I.G., carrying out of the Arrangement shall:

- (a) make any distribution by way of dividend or repayment of capital or other manner whatsoever to its shareholders,
- (b) enter into any transaction or agreement or do any act or thing except in the ordinary course of its business without the consent of the other party hereto,
- (c) issue any of its shares, or
- (d) grant any option on its shares.

15. (a) C.I.G. covenants that at the date hereof 157,200 Common shares have been reserved and are subject to employee stock option agreements. C.I.G. further covenants that each employee has agreed to the amendment and variation of his stock option agreement as hereinafter provided, subject to this Arrangement, including this clause, being sanctioned by the Court and confirmed by Supplementary Letters Patent.

- (b) Each outstanding employee stock option granted by C.I.G. to purchase its Common shares without par value shall be converted into an option to purchase Common shares of Amalgamated in a number equal to the number of C.I.G. shares provided for in said options and at the price per share equal to the amount provided for in each option. Each such option shall in all other respects be upon the same terms and conditions as the said options, and provided, however, that for the purpose thereof employment by Amalgamated or a subsidiary thereof shall be deemed to be employment by C.I.G. or a subsidiary thereof.

16. The directors of Amalgamated or C.I.G. shall have power to assent to the provisions made for dissentients to the Arrangement by the Court, and to any modification of this agreement or the Arrangement which the shareholders of C.I.G. at their meeting or the Court, pursuant to the provisions of The Corporations Act (Ontario), may think fit to direct or approve.

17. This agreement, together with the terms of the Arrangement, contains the entire agreement between the parties hereto upon the subject matter hereof and replaces and supersedes all previous written or oral agreements or arrangements between the parties hereto in relation to such subject matter.

18. This agreement shall not be impeached by reason of some of the directors of C.I.G. being also directors of Amalgamated.

19. This agreement may be terminated by the board of directors of either C.I.G. or Amalgamated, notwithstanding the approval of this Agreement and of the Arrangement by the shareholders of C.I.G., at any time prior to the sanction by the Court as required by The Corporations Act (Ontario) without cause or reason.

20. This agreement shall enure to the benefit of and be binding upon the successors and assigns of the parties hereto respectively.

IN WITNESS WHEREOF the parties hereto have caused their respective corporate seals to be hereunto affixed, attested by the signatures of their proper officers in that behalf, as of the day and year first above written.

CANADIAN INDUSTRIAL GAS LIMITED

Per: E. A. GALVIN, *President*

Per: L. A. SILLS, *Assistant Secretary*

CANADIAN INDUSTRIAL GAS & OIL LTD.

Per: E. A. GALVIN, *President*

Per: L. A. SILLS, *Assistant Secretary*

THIS IS SCHEDULE "A"

annexed to Agreement dated as of 12th day of March, A.D. 1965 between Canadian Industrial Gas Limited and Canadian Industrial Gas & Oil Ltd.

IN THE MATTER OF The Corporations Act, (Ontario) and

IN THE MATTER OF an Arrangement between Canadian Industrial Gas Limited, a body corporate, incorporated under the laws of the Province of Ontario, and the shareholders of Canadian Industrial Gas Limited.

ARRANGEMENT

under The Corporations Act (Ontario)

BETWEEN:

CANADIAN INDUSTRIAL GAS LIMITED, a body corporate, incorporated under the laws of the Province of Ontario (hereinafter called "C.I.G.")

— and —

THE SHAREHOLDERS of the said Canadian Industrial Gas Limited (hereinafter called the "Shareholders")

1. The Agreement (hereinafter called the "Agreement") between C.I.G. and Canadian Industrial Gas & Oil Ltd., (hereinafter called "Amalgamated") relating to the sale and transfer of the undertaking, goodwill, assets and property of C.I.G. (excluding Common shares of Amalgamated owned by C.I.G.) to Amalgamated bearing date the 12th day of March A.D. 1965, shall be approved, ratified and confirmed.

2. (a) C.I.G. as in the Agreement provided shall transfer, sell, assign and set over unto and to Amalgamated and Amalgamated shall take over all and singular the whole of the undertaking, goodwill, assets and property of C.I.G., (excluding Common shares of Amalgamated owned by C.I.G.) but including without limiting the generality of the foregoing, all petroleum and/or natural gas and other mineral properties and interests, petroleum and/or natural gas wells, equipment, buildings, structures, cash on hand and in banks, accounts receivable, actions and causes of actions, inventories and securities, subject nevertheless as to all the said properties and assets to the several mortgages, charges, liens and encumbrances affecting the same or any part thereof.

(b) Amalgamated as in the Agreement provided shall assume all of the liabilities and obligations of C.I.G. (excluding the bank indebtedness of C.I.G. to the extent of \$5,000,000), and shall pay all costs and expenses of carrying out the Agreement and all costs of C.I.G. in carrying out the Arrangement and otherwise as more particularly provided in the Agreement.

3. Upon the completion of the transfer and sale (which is hereby agreed to by the shareholders) of the assets and undertaking of the Company to Amalgamated on the terms and conditions of the Agreement

(a) all of the Preferred and Common shares of Amalgamated owned by C.I.G., including that part of the consideration for such sale and transfer made up of Preferred and Common shares of Amalgamated, shall be distributed as hereinafter provided among the shareholders of C.I.G. and accepted by such shareholders, and

(b) the rights of the shareholders shall be and are hereby arranged in such a manner and to such an extent that such rights shall consist solely, notwithstanding any preferences, rights, privileges, conditions, restrictions, limitations or prohibitions attaching to any of the Preference or Common shares of C.I.G., of the right to receive from C.I.G. the aforesaid Preferred and Common shares of Amalgamated, including those Preferred and Common shares to be received by C.I.G. pursuant to the Agreement, against surrender to a Registrar or Transfer Agent of C.I.G. for cancellation of certificates

for Preference and Common shares of C.I.G. held by the shareholders in the ratio of one Preferred share of Amalgamated for each one Preference share of C.I.G. and one Common share of Amalgamated for each one Common share of C.I.G. held in the name of the shareholders.

4. The Preferred shares of Amalgamated have attached thereto the special rights, restrictions, conditions and limitations set out in Schedule 1 hereto, which is hereby made a part hereof.

5. Holders of bearer fractional certificates of C.I.G. or those entitled to receive same from time to time which carry a right to acquire Common shares of C.I.G. in accordance with the terms thereof upon presentation of same to the Registrar or Transfer Agent for the time being, of the shares of Amalgamated, shall be entitled to receive in exchange therefor, without expense, a non-voting, non-dividend bearing Scrip Certificate for such portion of a common share of Amalgamated as such holder was previously entitled to receive of a Common share of C.I.G. or if sufficient fractional certificates of C.I.G. are presented as aforesaid entitling the holder to a full share or shares of C.I.G., then in like manner the same shall be exchanged for a full share or shares of Amalgamated.

6. After this Arrangement has been sanctioned by the Court and confirmatory Supplementary Letters Patent have been issued to C.I.G., C.I.G. shall with all reasonable despatch mail or cause to be mailed to each shareholder of C.I.G. as at the close of business on the day that such Supplementary Letters Patent are issued, at the address of such shareholder as the same appears in said register a notice calling in the outstanding Common and Preference share certificates of C.I.G. and fixing the time and specifying the place or places at which the exchange of shares of C.I.G. for shares of Amalgamated may be effected.

7. When the transactions contemplated by this Arrangement and the Agreement have been consummated, C.I.G. shall make application for surrender of its Charter.

8. The Board of Directors and Officers of C.I.G. may do anything which they deem expedient or necessary with advice of Counsel for C.I.G. to carry into effect the terms and provisions of this Arrangement and the Agreement, including the application for an order of the Supreme Court of Ontario sanctioning this Arrangement and the securing of Supplementary Letters Patent confirming this Arrangement under the provisions of Section 95 of The Corporations Act and the surrender of the Charter of C.I.G. under the said Act.

DATED the 12th day of March A.D. 1965.

THIS IS SCHEDULE 1

to an Arrangement between Canadian Industrial Gas Limited and the Shareholders of Canadian Industrial Gas Limited dated the 12th day of March, A.D. 1965.

The Preferred shares of Amalgamated have attached thereto the following special rights, restrictions, conditions and limitations:

- (i) The holders of the Preferred shares shall be entitled to receive if, as and when declared by the Board of Directors of the Company out of the monies of the Company properly applicable to the payment of dividends, fixed cumulative preferential dividends at the rate of five and one-half per cent (5½%) per annum, payable semi-annually, on the first days of January and July in each year on the amount from time to time paid up thereon. Each such half-yearly dividend on the Preferred shares shall be deemed to be a dividend for the half-yearly period ending on the day preceding the dividend payment date. If, on any dividend payment date the dividend payable on such date is not paid in full on all of the Preferred shares then issued and outstanding, such dividend or the unpaid part thereof, shall be paid at a subsequent date or dates if, as and when declared by the Board of Directors. Cheques on the Company's bankers payable at par at any branch thereof in Canada (far northern branches excepted) shall be issued in respect of such dividends and payment thereof shall satisfy such dividends. Dividends on the Preferred shares shall accrue and be cumulative from such date or dates as may in the case of each issue be determined by the Board of Directors of the Company but not later than six months from the respective dates of issue and in the case no date shall be so determined then from the date of allotment whichever shall be the earlier. The holders of the Preferred shares shall not be entitled to any dividend other than, or in excess of the cumulative dividends at the rate of five and one-half per cent (5½%) per annum hereinbefore provided. Notwithstanding the foregoing the dividend payable on July 1st, 1965 if, as and when declared by the Board of Directors shall be twenty-seven and one-half cents (27½¢) on and with respect to each fully paid preferred share.
- (ii) If in any year after providing for the full dividend on the Preferred shares there shall remain any profits or surplus available for dividends, such profits or surplus or any part thereof may, in the discretion of the directors, be applied to dividends on the Common shares. However, the Company shall not declare, pay or set apart for payment any dividend on the Common shares or any other shares of the Company ranking junior as to dividends to the Preferred shares unless all dividends up to and including the dividend payable on the last preceding dividend payment date on all the Preferred shares then issued and outstanding shall have been declared and paid or set apart for payment.
- (iii) The Preferred shares shall rank, both as regards dividend and repayment of capital, in priority to all other shares of the Company but shall not confer any further right to participate in profits or assets.
- (iv) The Company may, upon giving notice as hereinafter provided, redeem the whole or any part of the Preferred shares on payment for each share to be redeemed of the amount paid up thereon plus all unpaid cumulative dividends whether or not earned or declared which shall have accrued thereon and which for such purposes shall be treated as accruing up to the date of such redemption. The right of the Company to redeem the whole or any part of the Preferred shares shall not become effective so long as the holders of Preferred shares may convert same into Common shares as hereinafter provided; not less than fifteen (15) days' notice in writing of such redemption shall be given by mailing such notice to the registered holders of the Preferred shares to be redeemed, specifying the date and place or places of redemption; if notice of any such redemption be given by the Company in the manner aforesaid and an amount sufficient to redeem the Preferred shares be deposited with any trust company or chartered bank in Canada as specified in the notice on or before the date fixed for redemption, dividends on the Preferred shares to be redeemed shall

cease after the date so fixed for redemption and the holders thereof shall thereafter have no rights against the Company in respect thereof except, upon the surrender of certificates for such Preferred shares, to receive payment therefor out of the monies so deposited.

- (v) In the event of the dissolution, liquidation, winding-up of the Company or other distribution of its assets among the shareholders by way of repayment of capital, voluntary or involuntary or otherwise, the holders of the Preferred shares shall be entitled to receive the amount paid up thereon together with a premium of ten per cent (10%) of the amount paid up thereon plus all unpaid cumulative dividends whether or not earned or declared which shall have accrued thereon and which, for such purposes, shall be treated as accruing up to the date of such distribution, in priority to any distribution to the holders of the Common shares or any other shares of the Company ranking junior as to assets to the Preferred shares. After payment to the holders of the Preferred shares of the amount payable as aforesaid such holders of the Preferred shares shall not be entitled to share in any further distribution of the property or assets of the Company.
- (vi) Upon and subject to the terms and conditions hereinafter set forth, each five (5) Preferred shares shall be convertible at the option of the holder thereof at any time prior to 12:00 o'clock noon, Toronto time, on July 1, 1973, into four (4) fully paid and non-assessable Common shares of the Company as presently constituted at such date of conversion subject to the provisions of paragraph (viii) hereof. Such conversion shall be effected by the holders of the Preferred shares by the surrender to the Company at its Registered Office or at any of the offices of its transfer agents for the time being of the certificate or certificates representing the Preferred share or shares in respect of which the holder thereof desires to exercise such right of conversion together with a written request therefor in such form and with such verifications of signature or ownership as the Company or its officers or directors may from time to time require; the conversion shall be deemed to take effect as of the date upon which the said certificate or certificates shall be surrendered to the Company at its Registered Office or to the transfer agents, accompanied by the said written request in acceptable form as aforesaid; in the event that part only of the Preferred shares represented by any certificate shall be converted as aforesaid, a certificate for the remainder or balance of Preferred shares shall be delivered to the holder without charge.
- (vii) Should any certificates representing Preferred shares be duly surrendered for conversion during a period when the register of transfer of Common shares is properly closed, the holders thereof shall be deemed to become holders of Common shares of record immediately upon the re-opening of such register of transfers and the Preferred shares so surrendered shall be deemed to be outstanding and such surrender shall not be effective until such date. Within fourteen (14) days of the date of the surrender of a certificate or certificates representing Preferred shares as hereinbefore provided, the Company shall deliver or cause to be delivered the certificate representing the Common shares into which such Preferred shares have been converted provided that, if the register of transfers of Common shares is closed during any such fourteen (14) day period, the certificates shall be delivered within fourteen (14) days after the register of transfers of Common shares is re-opened.
- (viii) Upon conversion of any Preferred shares there shall be no payment or adjustment by the Company or by any holder thereof on account of any dividends accruing due and unpaid or otherwise any benefit or right either in respect of such Preferred shares or the Common shares resulting from such conversion except as hereinafter set forth.
 - (a) In the event of any subdivision of the Common shares of the Company at any time before July 1, 1973 into a greater number and/or different class or classes of shares, the holder of any Preferred shares exercising the conversion right attaching thereto at any time after such subdivision shall be entitled to such additional number and/or different class or classes of shares as would have resulted from such subdivision if the right of conversion had been exercised prior to the date of such subdivision.

- (b) In the event of any consolidation of the Common shares of the Company at any time before July 1, 1973 into a lesser number and/or a different class or classes of shares, the holder of any Preferred shares exercising the conversion right attaching thereto at any time after such consolidation shall be entitled to such lesser number and/or different class or classes of shares as would have resulted from such consolidation if the right of conversion had been exercised prior to the date of such consolidation.
- (c) If the holder of any Preferred share shall exercise the conversion right attaching thereto at any time after the payment by the Company of any dividend on the Common shares payable in shares of the Company or a dividend on the Common shares payable at the option of the holders thereof either in shares of the Company or in cash, such holder shall be entitled to, in addition to the number of Common shares which he would have been entitled to on the exercise of such right of conversion of such Preferred shares if such dividend had not been paid, such additional number of shares as would have been payable as a dividend on the Common shares which would have resulted from the exercise of such right of conversion prior to the record date for the payment of such dividend.
- (d) In the event of any amalgamation of the Company with any other company or companies or the sale, transfer or distribution of all or substantially all of the Company's assets whether by way of arrangement or otherwise to any other company or companies before July 1, 1973, adequate provision shall be made by the Company so that there shall be substituted for the Common shares or other classes of shares under this conversion privilege, the shares, securities or assets which would have been issuable or payable in exchange for the Common shares or other classes of shares which have resulted from any change in the Common shares if the right of conversion had been exercised prior to the date of such amalgamation of the Company with any other company or companies or the sale, transfer or distribution of all or substantially all of the Company's assets.
- (e) If any question shall at any time arise with respect to adjustments of the conversion privileges as aforesaid, such question shall be conclusively determined by the auditors of the Company for the time being and any such determination shall be binding upon the Company, all transfer agents and all shareholders of the Company.
- (ix) On any conversion of Preferred shares the shares converted thereupon become the same in all respects as the Common shares into which they are converted and the number of authorized and issued Preferred shares affected by the conversion will be decreased accordingly and the number of authorized and issued Common shares affected by the conversion is increased accordingly. The issued capital of the Company shall not be increased or decreased by any conversion.
- (x) On any conversion of Preferred shares the share certificate or certificates representing Common shares of the Company resulting therefrom shall be issued in the name of the registered holder of the Preferred shares so converted or in such other name or names as the registered holder may direct in writing, provided that such registered holder shall pay any applicable security transfer taxes.
- (xi) The Company shall not issue a fractional Common share upon any conversion or a share certificate therefor, but in lieu thereof the Company shall cause to be issued by the registrar of the Common shares of the Company bearer non-voting and non-dividend bearing Scrip Certificates which shall be transferable by delivery. On presentation at the principal office in Calgary of the said registrar of the Common shares of the Company of bearer Scrip Certificates for fractions that together represent a whole Common share, a share certificate representing a whole Common share shall be issued in exchange therefor and the person in whose name such certificate has been issued shall be registered on the books of the Company as the holder of such Common share. Subject as aforesaid, the non-voting, non-dividend bearing Scrip Certificates shall be issued in such form and be subject to such further terms and conditions as may be authorized by the directors of the Company.

- (xii) All shares resulting from any conversion of Preferred shares into Common shares including whole Common shares resulting from the consolidation of fractions of shares which result from conversions shall be deemed to be fully paid and non-assessable.
- (xiii) In the event of dissolution, liquidation or winding-up of the Company or any other distribution of its assets among the shareholders by way of repayment of capital or otherwise, the right of conversion herein set out shall cease and expire at 12:00 o'clock noon, Toronto time, on the fifteenth day next preceding the date of such liquidation, dissolution or winding-up or other distribution of assets as aforesaid.
- (xiv) The Company may at any time and from time to time purchase for cancellation the whole or any part of the Preferred shares in the open market or by tender or otherwise at the lowest price at which, in the opinion of the directors, such shares are obtainable but not exceeding the amount paid up thereon, together with a premium of twenty per cent (20%) of the amount paid up thereon plus all unpaid dividends whether or not earned or declared which shall have accrued thereon to the date of purchase.
- (xv) The holders of the said Preferred and Common shares shall be entitled to one (1) vote for each share held by them at all meetings of the shareholders of the Company.
- (xvi) Except as expressly provided herein, nothing herein contained shall affect or restrict the right of the Company from time to time as it may deem advisable to increase, decrease, subdivide, consolidate, divide or otherwise change or deal with the authorized or issued capital of the Company, or to vary any right or provision attaching to its shares.
- (xvii) Any preference, right, condition, restriction or limitation attaching to the Preferred shares may be varied, or preferred shares ranking in priority to or on a parity with the Preferred shares may be created, by
 - (A) a special resolution (as defined in The Companies Act, Alberta) and
 - (B) the sanction of a resolution passed at a separate general meeting of the holders of the issued Preferred shares by a majority of not less than three-fourths ($\frac{3}{4}$) of the votes cast in person or by proxy. To any such general meeting all of the provisions of the Articles of Association of the Company relating in any manner to general meetings or to proceedings thereat or to rights of members at or in connection therewith shall mutatis mutandis apply, but so that the necessary quorum shall be two (2) persons at least in number of the holders of Preferred shares holding or representing by proxy at least one-third ($\frac{1}{3}$) of the issued Preferred shares.

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	GROSS ACRES	NET ACRES
Manitoba	160	20
Saskatchewan	103,520	3,370
Alberta	793,958	187,624
British Columbia	115,015	6,688
Royalty Total	299,445	
U.S.A.	680	260

The pipeline operations of the Company are conducted by three wholly owned subsidiaries as follows:

- (1) Mid-Western Industrial Pipelines Ltd. operates 7½ miles of gas gathering system and 1.8 miles of transmission line which delivers gas from the Fort Saskatchewan wells of the Company to the Sherritt Gordon Nickel Refinery at Fort Saskatchewan, Alberta.
- (2) Mid-Western Industrial Pipelines (Redwater) Ltd. operates 28.5 miles of transmission line which transports residue gas from the Redwater Field to the Sherritt Gordon Nickel Refinery at Fort Saskatchewan, Alberta.
- (3) Mid-Western Industrial Pipelines (Wabamun) Ltd. owns 15 miles of gathering and distribution lines plus 57 miles of transmission line for transporting gas from the Alexander, Westlock and Legal gas fields to the Steam Plant of Calgary Power Ltd. at Wabamun, Alberta, and the Pipeline of North Canadian Oils Ltd. in the Wabamun area.

Mid-Western Industrial Processors Ltd., a wholly owned subsidiary, operates a refrigeration plant which extracts natural gasoline from the Alexander gas field before it enters the transmission line.

The Company owns and operates a crude oil pipeline 35 miles long, with a gathering system comprised of an additional 43 miles, used to transport oil produced by the Company from the Joarcam Field in Alberta, to the City of Edmonton, Alberta.

Further information as to properties and plants of the Company and its subsidiary companies is set out in the Information.

9. SUBSIDIARY COMPANIES

Information as to the subsidiaries of the Company is set out in the Information.

10. FUNDED DEBT

Information as to the funded debt of the Company is set out in the Information.

11. OPTIONS, UNDERWRITINGS, ETC.

- (a) There are no underwriting agreements outstanding
- (b) At December 31, 1964 options were outstanding to purchase 157,200 common shares as follows:
 - (i) 29,700 granted to an officer on October 2, 1959 and August 4, 1960, exercisable 5,000 shares annually on a cumulative basis and expiring on August 31, 1965 at \$5.00 per share;
 - (ii) 1,000 shares granted to an officer on June 2, 1960 under an employees' stock option plan exercisable 500 shares annually on a cumulative basis from June 2, 1961 and expiring on June 2, 1967 at \$5.00 per share;
 - (iii) 1,500 shares granted to an officer on April 7, 1961 under an employees' stock option plan exercisable 500 shares annually on a cumulative basis from April 7, 1962 and expiring on April 7, 1966 at \$5.00 per share;
 - (iv) 20,000 shares granted to an officer and an employee on June 7, 1961 exercisable 4,000 shares annually on a cumulative basis from June 7, 1962 and expiring on June 7, 1967 at \$10.00 per share;
 - (v) 20,000 shares granted to officers on May 17, 1962 and December 12, 1962 under an employees' stock option plan exercisable 4,000 shares annually on a cumulative basis from 1963 and expiring in 1968 at \$10.00 per share;
 - (vi) 50,000 shares granted, subject to the approval of shareholders and regulatory bodies, to an officer on July 30, 1964, under an employees' stock option plan exercisable 10,000 shares annually on a cumulative basis from August 1, 1965 and expiring August 1, 1970 at \$10.00 per share;
 - (vii) 35,000 shares granted, subject to the approval of shareholders and regulatory bodies, to officers on July 30, 1964 under an employees' stock option plan exercisable 7,000 shares annually on a cumulative basis from August 1, 1965 and expiring on August 1, 1970 at \$10.00 per share.

The options granted to officers and employees are conditional incentive options and no consideration other than the option price has been or will be received for the granting thereof. The options are subject to the officers and employees remaining in the employment of the Company. In addition, 95,000 shares were reserved for granting of options to officers and employees of the Company.

12. LISTING ON OTHER STOCK EXCHANGES

There are no securities of the Company listed on any other Stock Exchange.

13. STATUS UNDER SECURITIES ACT

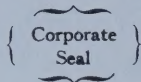
Not applicable.

14. **FISCAL YEAR**
The fiscal year of the Company ends on December 31.
15. **ANNUAL MEETING**
No annual meeting of the Company as such has yet been held and the first annual meeting is to be held within sixteen months of the date upon which the Company commenced to do business.
16. **HEAD OFFICE**
The head office of the Company is located at 224 9th Avenue South West, Calgary, Alberta.
17. **TRANSFER AGENT AND REGISTRAR**
The National Trust Company 330 8th Avenue South West, Calgary and at its offices in Toronto, Winnipeg, Montreal and Vancouver is the transfer agent and registrar of the Company.
The Empire Trust Company, 20 Broad Street, New York, N.Y. is a co-transfer agent in respect of the preferred and common shares.
18. **TRANSFER FEE**
No fee is charged on stock transfers other than the customary Government stock transfer taxes.
19. **AUDITORS**
The auditors of the Company are Clarkson, Gordon & Co., Chartered Accountants, Calgary, Alberta.
20. **OFFICERS**
- | | | |
|---------------------|--|---|
| Arthur M. Starck | Chairman of Board | Greenwich, Conn., U.S.A. |
| Edward A. Galvin | President | 3928 Crestview Road,
Calgary, Alberta. |
| Maurice F. Strong | Chairman, Executive Committee | 173 Beaconsfield Boulevard,
Beaconsfield, P.Q. |
| Edward G. Battle | Vice-President, Production | 48 Hallbrook Place,
Calgary, Alberta. |
| Stewart R. Dyckman | Vice President,
Finance & Services | 612 Elbow Drive,
Calgary, Alberta. |
| George T. Hefter | Vice President,
Liquefied Petroleum Gas | 90 Cherovan Drive,
Calgary, Alberta. |
| Frederick H. Larson | Vice-President, Sales | 8 Wellington Crescent,
Edmonton, Alberta. |
| Wilfrid A. Loucks | Vice-President, Exploration | 55 Glenview Drive,
Calgary, Alberta. |
| Harvey Menard | Vice-President, Natural Gas | 608 Hillcrest Avenue,
Calgary, Alberta. |
| Brian R. B. Gore | Secretary | 1515-46 Avenue S.W.,
Calgary, Alberta. |
| Timothy G. Sheeres | Treasurer | 1547 Windsor Street,
Calgary, Alberta. |
| Laurence A. Sills | Assistant Secretary | 78 Hallbrook Drive,
Calgary, Alberta. |
21. **DIRECTORS**
- | | | |
|--------------------------|------------------|---|
| Arthur M. Starck | Executive | Greenwich, Conn., U.S.A. |
| Edward Anthony Galvin | Executive | 3928 Crestview Road,
Calgary, Alberta. |
| Maurice Frederick Strong | Executive | 173 Beaconsfield Boulevard,
Beaconsfield, P.Q. |
| Herbert A. Andreae | Executive | 38 Dunvegan Road,
Toronto 7, Ontario. |
| James Ian Crookston | Executive | 70 Ardworld Gate,
Toronto 4, Ontario. |
| Richey Bryce Love | Barrister | 714 Earl Gray Crescent,
Calgary, Alberta. |
| Peter Nesbitt Thomson | Executive | Pointe Cavagnol, R.R.1,
Vaudreuil, P.Q. |
| Arthur Mackwell | Private Investor | Glenrock, New Jersey, U.S.A. |
| James Alexander Scott | Executive | 4620 Coronation Drive,
Calgary, Alberta. |
| John R. Yarnell | Executive | 107 Sunnyside Avenue,
Westmount, P.Q. |

DATED as of the 31st day of May, 1965.

CERTIFICATE

Pursuant to a resolution duly passed by its Board of Directors the applicant company hereby applies for the listing of the above mentioned securities on the Toronto Stock Exchange, and the undersigned officers thereof hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.



CANADIAN INDUSTRIAL GAS & OIL LTD.

"E. A. GALVIN", President.

"L. A. SILLS", Assistant Secretary.

